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Future Is East for German Business

By Rick Atkinson

Washington Post Service

BERLIN — For automaker Audi AG, faith in Germany's future is demonstrated in a new \$176 million plant to build car engines.

For the forklift builder Jungheinrich, that faith can be seen in a \$24 million motor factory scheduled to open next month.

And for the chemical conglomerate Henkel, it's a new \$9 million cosmetics plant with 60 employees on the payroll.

Yet none of these investments in the German tomorrow can be found in Germany itself. Audi's plant is in Hungary, Jungheinrich's is in the Czech Republic, and Henkel's is in Poland. For these three enterprises, like thousands of similar German ventures large and small, the future lies to the East.

Pushed by economic necessity, pulled by history and geography, Germany is slowly redefining commercial, political and cultural links with Eastern Europe. For younger West Germans, the East is a new frontier, a virgin land of opportunity beckoning those with entrepreneurial panache.

For many, the prospect of a skilled work force in a region where labor costs average

only 9 percent of those in Western Germany offers salvation from the crushing expense of doing business at home. Eastern Europe's less stringent environmental regulations come as an added advantage.

Although this latter-day *Drang nach Osten* (push to the East) has awakened ancient fears of German hegemony, Germany's presence

U.S. sides have repudiated remarks about Germany made by a diplomat. Page 6.

in Eastern Europe is still relatively modest. Total direct investment by German companies is about \$2 billion, putting Germany second to the United States among foreign investors in the East, according to a report by Deutsche Bank Research.

"Since the Soviet empire collapsed, there has been a perception in Britain and the rest of Western Europe that Eastern Europe would become a German colony," Werner Hoyer, parliamentary whip for Germany's Free Democratic Party, said in an interview in Bonn. "But the figures do not substantiate that at all. We knew that because there was this concern about us, or even a fear of

German influence, we had to say, 'Fine, come on in with us.'"

Kurt Kasch, senior vice president of Deutsche Bank's regional office in Berlin, added: "These Eastern European countries are our natural markets. They're right next door. As for the fear that we will colonize them, France, which is also right next door, is our biggest trading partner by far and nobody says, 'Oh, Germany is going to dominate France.'"

Still, anxiety persists. Few doubt that Germany "is the 900-pound gorilla in the Europe of the future," as a senior U.S. diplomat in Bonn put it. French officials have hardly concealed their concern that German preoccupation with Eastern Europe could weaken French influence within the European Union and shift the continent's center of gravity eastward.

The writer Conor Cruise O'Brien gave voice to the fears of many when he wrote in an essay last winter, "East of the Rhine there is emerging, in all but name, a new German See GERMANY, Page 14

Serb Units Press Assault On Gorazde Despite Pact

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — Bosnian Serb forces resumed shelling Gorazde on Sunday and sent tanks into the city, causing panic and confusion in the Muslim enclave, United Nations relief officials said.

UN officials said Sunday that Bosnian Muslim defense lines around Gorazde had disintegrated, and Serb forces could capture it any time. A peacekeeping force spokesman said there was nothing more the United Nations could do with a limited mandate to protect the city.

Yasushi Akashi, the United Nations special envoy, said Serbian leaders had agreed to a cease-fire, but that Gorazde "remains under serious threat."

"Serb forces surround the city at short distance," he said. "Shooting and shelling have subsided but intermittently continue. Tanks withdrew but reappear."

In the United States, President Bill Clinton

said it was unlikely that the North Atlantic Treaty Organization would conduct air strikes to protect Gorazde due to the proximity of Serbian forces to UN observers and civilians in the city.

Mr. Clinton said the United States, through NATO, remained willing to respond to UN requests for military support. But he added, "We have a diplomatic role and we are doing our best to fulfill it."

Mr. Akashi said the Serbs had freed some of the 200 UN hostages taken in retaliation for two NATO air raids last week on the Serb forces besieging Gorazde and had agreed to let the UN airlift wounded people out of the city on Monday.

But summarizing talks he had with the Bosnian Serb leader, Radovan Karadzic, and the Muslim president of Bosnia, Alija Izetbegovic, Mr. Akashi said they had fallen short of their

primary objective of securing an immediate truce and withdrawal of Serb tanks and artillery from Gorazde.

The Japanese diplomat said that in talks at the Bosnian Serbs' headquarters at Pale, Mr. Karadzic had promised a pullback. But Mr. Akashi said that Serbian forces were not moving.

The truce had yet to be approved by the Muslim-led government in Sarajevo but Mr. Izetbegovic had rejected any cease-fire unless the Serbs withdrew farther than the distance set out in the UN-brokered truce proposal.

"I'm afraid the prospects for immediate improvement of the situation do not look good," Mr. Akashi said. "I must say I am disappointed that negotiations have not so far produced tangible, significant results on the ground."

The Serbian offensive against Gorazde, designated by the United Nations as a "safe area," is reported to have killed more than 200 people and wounded nearly 1,000.

The Bosnian government says the United Nations held back from tougher action to protect the Muslim enclave because it was intimidated by the Serbs' roundup of UN peacekeepers.

Mr. Akashi said the Serbs had freed 19 UN soldiers ejected from an observation post inside Sarajevo's cease-fire zone on Thursday and had released another 10 percent of the UN personnel held throughout Serbian-held Bosnia. He urged Mr. Karadzic to free the rest by midnight on Sunday.

Mr. Karadzic has said his forces did not consider Gorazde a "safe area," charging that it was used by the Muslims as a starting point for attacks against Serbian positions.

Mr. Akashi admitted the United Nations had a credibility problem and was ill-equipped to enforce its own resolutions on safe areas.

"We feel the means at our disposal are not sufficient to cope with the situation," he said. "We resorted to NATO close air support but it is a very limited, confined action for self-defense."

Mr. Izetbegovic, who had accused the United Nations of abandoning Gorazde, said that Mr. Karadzic was "only engaged in tactics and manipulation."

Serbian leaders have had their sights set on Gorazde as well as two other isolated enclaves to link up with Serbian-held land in eastern and southern Bosnia.

In Geneva, Sylvana Foa, a spokeswoman for the UN High Commissioner for Refugees, See GORAZDE, Page 6

Former Communist States Feel Stranded by EU Club

By William Drozdzak

Washington Post Service

PARIS — An invitation to a dinner and a chance to discuss the fate of Europe seemed too good to miss, so foreign ministers from six East European states eagerly flew to Brussels last month to meet their 12 colleagues from the European Union.

The ministers from Poland, Hungary, Bulgaria, Romania, Slovakia and the Czech Republic had one subject on their minds: how to persuade their counterparts from the prosperous EU to open up their markets as well as their aid budgets and hasten the day when the Eastern nations could be accepted as full and equal partners in the Western "country club."

But the Eastern ministers never got to open their mouths, for food or conversation. As they waited for their hosts to show up, the ministers received word that the EU members were too embroiled in tense negotiations with Sweden, Austria, Norway and Finland to attend the dinner. Like unwelcome orphans, the doleful Easterners were sent home.

Nearly five years after they rebelled against their Soviet masters and brought down Communism, regimes like dominoes, the nascent democracies in Central and Eastern Europe are complaining more loudly than ever that their Western neighbors are leaving them stranded without a secure political or economic destiny — and next to a Russia in the throes of resurgent nationalism.

The East Europeans say a \$24 billion aid program by the EU and its member states has lapsed into a cynical farce. The lion's share of the money has found its way to Western banks and enterprises in the form of loans at standard interest rates, rescheduled debts and payments to technical consultants. Only a fraction of this

assistance has reached the East in outright grants, according to a study by the United Nations Economic Commission for Europe.

After the Western allies barred the door to early membership in the North Atlantic Treaty Organization, the Eastern states have turned their attention to the EU in hopes of accelerating their economic integration with the West. Hungary applied to join on April 1. Poland may soon follow suit along with the Czech Republic and Slovakia. Even Prime Minister Viktor S. Chornomyrdin of Russia has talked of filing this year for EU membership.

Despite frequent appeals for greater trade with the West and not aid, the Eastern states have been largely shut out of the sectors in which they might compete most effectively, such as steel, coal, textiles and agriculture.

Yet, at a time when Western governments are facing social turmoil because of high unemployment in those areas, they are reluctant to make more than token openings to the East.

As a result, the EU's trade surplus with the East is growing at an embarrassing and alarming rate. In 1993, the 12 EU countries bought \$1 billion worth of goods from the East than they sold. In 1993, that deficit turned into a \$5 billion surplus that will expand even more this year as consumers in the East spend freely for products made in the West while the Eastern states struggle to break into Western markets, even if their goods are much cheaper.

"The bottom line is that no government wants to be run out of office because of more lost jobs, even if that would help the Eastern states," a senior EU official said. "France will protect its fishermen and farmers, the Germans their steelworkers and coal miners, and all the great speeches about the duty to bring new

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Bosnian Serb soldiers relaxing during a lull on Sunday before resuming their attack on the besieged Muslim enclave of Gorazde.

In Caning Case, Doubts About Confession

By Philip Shenon

New York Times Service

SINGAPORE — Lost in the trans-Pacific debate about crime and punishment over the caning sentence received by an 18-year-old American living in Singapore is a question on the minds of many Americans here: Did the teenager, Michael P. Fay, really commit the crimes that could now result in six potentially skin-splitting lashes from a rattan cane?

Although Mr. Fay signed a statement last fall in which he confessed to spray-painting cars during 10 days of vandalism, he has since insisted to friends and family that the confession was

coerced during a police beating and that he is innocent of any crime.

Lawyers who work within the criminal justice system of this authoritarian city-state say there may be reason to believe Mr. Fay, who had no prior criminal record either in Singapore or in the United States.

Interviews with more than 25 people in both countries who know Mr. Fay or are acquainted with his case suggest that substantial portions of his account can be corroborated, possibly including his description of a severe police beating of a 15-year-old Malaysian boy who was taken into custody with him in October.

Mr. Fay has said he signed the confession

only after he was slapped and punched by police officers who held him in detention for nine days with little sleep and almost no access to his parents or to the U.S. Embassy.

The teenager said the police had threatened to subject him to hours of additional questioning in what they called "the air-con room," an ice-cold interrogation chamber, unless he confessed.

"I would like to state that this was a total lie I gave to the police, because I was only scared of what they will do to me," Mr. Fay said in a nine-page summary of his detention dated Oct.

See CANING, Page 6

Backstairs at White House, It's a Shudder a Minute

By Maureen Dowd

New York Times Service

WASHINGTON — We're having a servant problem, darling. Or perhaps it's a public servant problem. But one thing is certain: Ever since the Clintons took over the White House in a sweep of baby boomer mentorship, things have been rocky in the upstairs-downstairs department.

It began, infelicitously, when a steward walked into the Clintons' bedroom on one of their first mornings in the White House, while they were still asleep.

Problems with the help piled up: The Clintons suspected Secret Service agents of spreading gossip about marital spats, and the Secret Service did not like the Clinton crowd's way of treating them like Brink's

guards. Then the White House, trying to make a 25 percent staff cut without paring all the deputy special assistants to the president, began dumping the long-suffering stalwarts who keep the place running, secretaries and switchboard operators.

Bill Clinton spurned the inexpensive barber of presidents, Milton Pims, and took up

COMMENTARY

with Christophe of Beverly Hills. The First Lady sanctioned the firing of seven members of the travel office and then, in a triumph of hope over experience, tried to get her husband's eating habits under control by booting the French chef and his staff.

The next backstairs shudder came when the first lady axed an usher, Chris Emery, for

showing "a lack of discretion" in talking on the phone with Barbara Bush about the computer he had programmed for her — even though White House staff have routinely taken calls from former presidents.

It is passing strange that the Clintons, who have spent most of their married lives in public housing, should be so prickly about the loss of privacy that comes with the presidency. Thomas Jefferson called the White House "big enough for two emperors, one Pope and the grand lama." Mr. Clinton calls it "the crown jewel of the federal penal system."

Actually, the center of American democracy is less like a prison than a colonial outpost, full of retainers and rituals and Filipino houseboys bearing silver trays. The first family gets billed each month for personal groceries

and dry cleaning, but otherwise the treatment is royal.

"It's the only place in the world where you can still get finger bowls with geranium leaves floating in them at breakfast, lunch and dinner," says Michelle Deaver, who worked in the Reagan White House.

Rex Scouten, the White House curator, served happily as chief usher for 16 years, from Richard Nixon to Ronald Reagan, though it curtailed his social circle.

"You don't want to travel in circles where people ask you inside stuff about the first family, so you get down to the people you know won't ask," he said. "I didn't even tell my wife things."

Presidents and first ladies come and go, but See STAFF, Page 6

A New Entry Scrambles Japan's Political Puzzle

By David E. Sanger

New York Times Service

TOKYO — Japan's search for a new prime minister and a semblance of political stability was overturned Sunday when one of the long-time leaders of the Liberal Democratic Party, which governed the country for 38 years until last summer, said he was defecting and would create an alliance with the rocky coalition now running the nation.

Michio Watanabe, a 70-year-old former foreign minister, said he was bolting from the party, with an unspecified number of his followers, in a last-ditch bid to become prime minister. Mr. Watanabe has been ill for some time with what is widely believed to be cancer, and is said to view the current turmoil as his last chance to hold the post.

Political maneuvering said that Mr. Watanabe's chances of succeeding were slim, and that the most likely choice for prime minister remained Tsutomu Hata, the current foreign minister. The turmoil follows the resignation on April 8 of Morihiro Hosokawa, who took office last summer promising political and economic reforms but was forced out because of a financial scandal.

Even if Mr. Watanabe does not become prime minister, his decision Sunday would displace the Liberal Democratic Party's slow disintegration, a process that began last summer when a reform-oriented group within the party left and brought down the government.

While other party stalwarts have defected, Mr. Watanabe would be the first leader of a major faction of the party to abandon ship. Assuming that roughly half of the 46 members of his faction exit, that would leave the Liberal Democrats with fewer than 200 of the 511 seats in the legislature.

Newspapers have called his departure a complete break with the old order.

"It will be impossible to stop the trend toward political realignment based on political ideas and policies and beyond the boundaries of parties and factions," said an editorial in Yomiuri Shimbun.

Mr. Watanabe made little effort to justify his move on grounds of ideology, though he did talk about the need to "form a cabinet of national salvation to overcome our present difficulties."

He made it clear that his primary motive was ambition.

"I cannot become prime minister with only the support of the LDP," Mr. Watanabe said. "So, as a matter of course, I will quit my party membership."

Other members of his faction — a group once headed by former Prime Minister Yasuhiro Nakasone — said they expected Mr. Watanabe, a well-known conservative, to form his own party and ally with the conservative wing of the governing coalition. But the Liberal Democratic Party is expected to try to prevent the defection, probably in a meeting Monday between Mr. Watanabe and Yoshi Kono, the party's president. The two men do not get along; Mr. See JAPAN, Page 2

Kiosk Algeria Proposes Foreign Debt Deal

TUNIS (Reuters) — Algeria has applied to the Paris Club of creditors to reschedule its foreign debt, the central bank said Sunday. The rescheduling would reduce debt servicing by nearly \$4 billion for 1994 and by \$5 billion over the April 1994-March 1995 period of a standby accord with the International Monetary Fund, the bank said in a statement received in Tunis.

Patricia Wells adds Britain to the list in her search for the world's best restaurant. Page 7

General News

Put economic links to Eastern Europe first, Austria's chancellor says. Q&A, Page 2. The Clintons are among Americans paying higher taxes this year. Page 4.

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Newsstand Prices	
Andorra.....9.00 FF	Luxembourg 60 L. Fr
Antilles.....11.20 FF	Morocco.....12 Dh
Cameroon.....1.400 CFA	Qatar.....8.00 Rials
Egypt.....E.P. 5000	Réunion.....11.20 FF
France.....9.00 FF	Saudi Arabia.....9.00 R.
Gabon.....960 CFA	Senegal.....200 PTAS
Greece.....300 Dr.	Spain.....1.000 Din
Ivory Coast.....1.120 CFA	Turkey.....T.L. 15,000
Jordan.....1 JD	U.A.E.....8.50 Dirh
Lebanon.....US\$ 1.50	U.S. Mil. (Eur.) \$1.10

How a Japan 'Outsider' Can Be an Auto Industry Guru

By Steven Brull
International Herald Tribune

TOKYO — As an economics student in his senior year at Tokyo University, Takahiro Fujimoto persuaded some of his old friends from high school to conduct a research project that compared the productivity of two village irrigation systems. He did the unthinkable here by selecting students at other universities immersed in different disciplines

Up and Coming
An occasional series about the leaders of tomorrow.

— from sociology to Marxist economics to geography.

One irrigation system was a modern structure built with underground pipes, the other a 200-year-old open-channel complex that caused conflicts among villagers. The researchers discovered that the conflict inherent in the old system created in the community a set of tacit rules and informal communication, while the modern system had no impact on the community.

"That's why the old system has survived for 200, 300 years, and why I doubt the modern one will survive," Mr. Fujimoto says.

Now an associate professor of business administration at Tokyo University, Mr. Fujimoto kept the lessons of the irrigation project in mind as he became a leading thinker about the Japanese automobile industry.

While many see the major car industries in Japan, Europe and America heading toward collision, he views conflict, competition and cooperation as equal parts of a competitive game whose winners will be determined more by indi-

vidual company strengths than by regional business differences.

"Up until now, the Japanese players have tended to treat competition, conflict and cooperation as discrete issues to be dealt with separately," he said. "One result is they have surged ahead in the area of competition at the expense of other concerns, causing them to overreact to conflict when it occurs. They will have to learn from European and North American players how to view competition, cooperation and conflict as subsystems of a single game."

Mr. Fujimoto regards manufacturing companies as information systems, a perspective that sees the process from product development to production as "flows and stops and exchanges of information."

Car companies, he says, are really in the business of packaging and delivering information. "What we consume eventually is an information bundle rather than a product, not a car, but an experience that is developed jointly by consumers and companies." Cooperation and conflict thus become equally important because they contribute to the information network that is the essence of their business.

Although pundits have for years predicted a shakeout among the world's auto assemblers, Mr. Fujimoto's concept supports the opinion that even small companies can survive by participating in global networks.

"If you believe in a network rather than classical competition, you may not want to believe in the view that only 10 companies will survive in the world," he says. "Many companies with various levels of independence will be able to survive as long as they have some distinctive resources or political power which they can exchange to join the network."



Takahiro Fujimoto: A car is actually an information bundle.

By virtue of his post at Tokyo University, Mr. Fujimoto, 38, has reached the pinnacle of Japan's academic hierarchy. But he remains an outsider in the country's educational caste system, which suffers from inbreeding. Too many professors teach at the schools they attended and have little experience at other universities and too few have any experience abroad or in the private sector.

In addition to the six years he spent to earn a doctorate in business administration at Harvard in 1989, Mr. Fujimoto worked five more years at the Mitsubishi Research Institute, a leading private think tank. Moreover, whereas most Japanese academics are content to associate among themselves and cogitate in broadly dispersed theoretical ethers, Mr. Fujimoto is committed to interdisciplinary and empirical orientations.

"People outside this university have certainly criticized me for being too narrow," he notes. "But communication with practitioners is research for me. In fact, it's my main business." The risk, though, is that by not fitting into a preconceived slot, his appearance in Japan is blurred. "I'm sort of everywhere and somehow nowhere," he says.

Mr. Fujimoto's publications are scattered across journals from different disciplines, from the Harvard Business Review to the Design Management Journal, the Journal of Technology and Engineering Management and the Journal of the Japanese and International Economies.

His book, "Product Development Performance," co-written with Kim B. Clark of Harvard, was published in English in 1991, and subsequently in Japanese, Italian and German. The book discusses the role of product managers in championing concepts throughout a production process to ensure product integrity.

"Many people are pushing me to write books, but I just don't have time," Mr. Fujimoto says. "Writing a book is the final stage. My first priority is to write a bunch of papers and present them in conferences."

Cars also hold a major place in his leisure time, since he likes to go on country drives with his wife and 8-year-old son. "Driving is in my blood, it's my relaxation. I like to drive randomly, to just go and find a place to stay. I can pull onto any road I want." He is a modern-jazz fan who is partial to such pianists as McCoy Tyner and Don Pullen.

Mr. Fujimoto has a close relationship with his mentor, Mr. Clark of Harvard. He spends time in Cambridge, Massachusetts, each summer, conferring with the professor as his son attends camp. Then he takes the family to St. Martin in the Caribbean, where he has a time-share contract for a condominium.

His connections to American scholars have facilitated the first academic research into Japan's car companies from an international perspective. His work has debunked the notion that the famed Toyota lean production system is a unique approach to building cars; instead, he says, it evolved from Ford's production processes.

This is slightly different from the view espoused in the book, "The Machine That Changed the World," a classic work on the auto industry from the Massachusetts Institute of Technology. A chapter is based on Mr. Fujimoto's doctoral research, but the data are interpreted differently.

"His message is that region matters, but mine is that the individual company matters," he says. "The Toyota system is not that unique, it's always the product of

evolution. If you look at the Toyota system from a particular point of view, it is super-Fordism."

The mass-media depiction of competition among automakers as a kind of international football game is misleading, Mr. Fujimoto contends. A more realistic analogy, he says, is the marathon, where the concept of national teams does not apply; what's important is who is in the group of leading runners.

Pursuing that analogy, he says that Western car companies have borrowed, and in some cases, improved on Japanese production methods, joining the front-running pack in a trend that will lead to a merging of different manufacturing approaches.

"When the marathon becomes a close competition and the leading group becomes more international, there will be more opportunity for international mutual learning," he says. "The Western makers may continue to learn some of the lean production practices from the East, while the Japanese may learn the West's concepts of lean products and sales. As a result of mutual learning, we may see more hybridization of the systems, which may create convergence and variety of firms' capability at the same time."

Mr. Fujimoto says his focus on cars is coincidental, the result of his being assigned to the industry when he joined the Mitsubishi Research Institute after graduating from Tokyo University.

But he admits to the influence of his grandfather, George, who moved back to Japan early this century after abandoning a career as a farmer near Seattle. His grandfather was also a mechanic, car dealer, chauffeur and a racing mate of Soichiro Honda. Most important, he took his grandson to the motor show every year.

WORLD BRIEFS

Dublin Set for 'Sacrifices' on Ulster

LONDON (AFP) — Foreign Minister Dick Spring said Sunday that Ireland was ready to make "constitutional sacrifices" to win peace in Northern Ireland.

"I think the overriding ambition is peace and we have said in the context of an overall settlement that we are prepared to make changes to our constitution," Mr. Spring told BBC radio. "I think people are prepared to make constitutional sacrifices."

On Saturday, Prime Minister Albert Reynolds proposed guaranteeing that both Roman Catholics and Protestants be represented in the government of a future united Ireland. He said he would favor guaranteeing the two communities 30 percent of government positions, shared according to the proportion of their populations in the province.

Youths' Deaths Spark Lyon Rampage

LYON (Reuters) — Gangs of youths rampaged for the second successive night in the depressed suburbs of Lyon, France's third-largest city, burning down a school gymnasium and setting a shopping mall ablaze, the police said Sunday.

The unrest was set off by the deaths of three youths in a stolen car which crashed on Thursday after a policeman at a roadblock fired shots at the car.

Youths used a car as a battering ram to break down the doors of a gymnasium in Bron early Sunday and set fire to the building with gasoline bombs, the police said. Damage was estimated at \$750,000. In nearby Rillieux-la-Pape, youths threw gasoline bombs from a car, setting fire to a pharmacy and a shopping center.

Hong Kong Protest Backs Reporter

HONG KONG (AP) — About 2,000 people marched Sunday to China's de facto embassy in the largest anti-Beijing protest since a Hong Kong-based reporter was sentenced to 12 years in prison on charges of stealing state secrets.

The protesters, including some legislators, marched from a park in central Hong Kong to the local office of the Xinhua news agency, which serves as China's unofficial diplomatic mission. They were demanding the release of Xi Yang, a reporter for the Hong Kong newspaper Ming Pao, whose appeal against his sentence was rejected Friday by the Supreme People's Court in Beijing.

Mr. Xi, a Chinese citizen, was arrested in September on charges of stealing secrets about interest rates and gold sales. Tian Ye, a central-bank clerk convicted of leaking information to Mr. Xi, also lost his appeal against a 15-year prison term.

North Korea to Replace Negotiator

SEOUL (AP) — North Korea will replace its chief negotiator with South Korea after he threatened that the North would turn Seoul into a "sea of fire," a news report said Sunday.

Park Young Su, North Korea's chief delegate to talks with South Korea, threatened war while storming out of a border meeting in March. Tensions have risen on the Korean Peninsula over North Korea's suggestions of what might happen if too much pressure was put on it to open its nuclear facilities to full inspections.

President Kim Il Sung of North Korea criticized the threat made by Mr. Park as out of place.

TRAVEL UPDATE

Airline Insecticide Spraying Assailed

WASHINGTON (NYT) — Transportation Secretary Federico F. Peña has called for more than 20 foreign governments to stop spraying passenger compartments with insecticide before aircraft arriving from outside their borders can land.

Citing health dangers created by the spraying, Mr. Peña said in a letter to transportation officials around the world that the United States would begin warning travelers to countries that continued the practice. The spraying is done in countries in the Caribbean, South America and the South Pacific.

About 30 minutes before a flight lands, the plane's interior is sprayed to keep disease-bearing pests out of the countries. Officials of the Environmental Protection Agency say passengers inhale the insecticide.

The U.S. National Park Service wants to increase visitor fees to the parks to as much as \$5 per person and ease restrictions against private or corporate donations to the public lands. The proposal needs congressional approval.

Gasoline stations in Italy will close for three days, beginning Tuesday, in a nationwide strike to protest deregulation of prices.

The Budapest Jewish Museum has reopened, four months after valuable artworks were stolen, the MTI news agency said. The new exhibition follows the lines of the old one, with one room dedicated to the Holocaust, in which 600,000 Hungarian Jews died.

Qatar Airways will start twice-weekly flights from Doha to London in June, with connections to Vienna and Munich to begin soon after, airline officials said. The carrier also plans to begin weekly service from Doha to Colombo next Tuesday and to Amman, Jordan, in June.

This Week's Holidays
Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Belarus, Puerto Rico, Zimbabwe.
TUESDAY: Sierra Leone, Swaziland, Uruguay, Venezuela, Zimbabwe.
THURSDAY: Brazil, Iceland.
SATURDAY: Turkey.

Sources: J.P. Morgan, Reuters.

Q&A: Broader Economic Ties to Eastern Europe Are a Priority

Franz Vranitzky, the Austrian chancellor, will be at the White House on Wednesday for a meeting with President Bill Clinton that is expected to focus on the economies of Eastern Europe and the conflict in former Yugo-

slavia. The 56-year-old Social Democrat, a former banker, spoke with Alan Friedman of the International Herald Tribune.

Q. What message will you be taking to Mr. Clinton?

A. I will be telling him that one

of the major priorities for Europe and the United States should be to broaden economic ties in Eastern Europe on a multilateral basis. I will propose that we coordinate new efforts to support investment in infrastructure projects such as high speed rail transport, telecom-

munications, and energy. I am convinced that the way they lag behind in these and other economic areas in Eastern Europe is a reason why they are not successful in bringing about political stability.

Q. But what are the specifics of your initiative? And who will provide the money?

A. I think we should get together a number of governments, pool our resources, and concentrate on helping to finance these infrastructure projects in five or six countries. We should offer know-how, managerial expertise and the financial framework. The way to do this is through subsidies of exports from the private sector. We can also do more through the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development.

Q. The IMF has had a very hard time in Russia, and its recent promise of a further \$1.5 billion of loans was held up for many months because of concern about Moscow's lack of progress on economic reform. How do you expect to do any more through the IMF and other institutions?

A. I will also be meeting in Washington with Lewis Preston, the World Bank president, and Michel Camdessus, the IMF managing director, and I will be urging them to consider new actions. It can be a risky business in Russia, but staying away will not give us the answer either.

Q. Over the last year you have met with both President Boris N. Yeltsin and Russia's prime minister, Viktor S. Chernomyrdin. What is your assessment of these men

and prospects for economic reform?

A. Chernomyrdin came to Vienna two months ago and we talked a lot about industry. It seems everybody is concentrating on whether Yeltsin will succeed in getting along with his political opponents, but I think we should work to strengthen management in Russian industry. As for Chernomyrdin, he is definitely more conservative than others, but we should give him the benefit of the doubt. His approach at least offers a slim chance of completing the work of reform.

Q. What is your opinion of Vladimir Zhirinovskiy, the extreme nationalist Russian politician?

A. He is not somebody I would be interested in cooperating with. But it is not enough to complain about Zhirinovskiy. We have to get rid of the economic preconditions that create people like him.

Q. What do you think of the situation in the former Yugoslavia?

A. Military intervention by the international community was a necessary step, even if a drastic one. It is now quite clear that the intervention has to go ahead. The utmost priority is to stop the fighting. I have been in touch with European leaders on this subject, and Austria is cooperating on overflights and logistical support for the NATO allies.

Q. Next January Austria is scheduled to become a member of the European Union. But this depends on a referendum on June 12. The polls indicate just over 50 percent support for Austria joining.

How sure are you that the voters will support membership?

A. In the last few days we received the final version of our contract and the cabinet approved it and sent it to parliament. I am confident that we will have a majority of yes votes in the referendum.

Q. In neighboring Italy a rightist coalition led by Silvio Berlusconi is forming the next government. What is your impression of the recent Italian election results?

A. It was quite clear that the old system there was not tolerable any longer. Now we will see what we have got. It is in Europe's interest, and in Austria's interest, that Italy gets a government which can take decisions and be a reliable partner. I am, however, concerned about the rightists and especially the neofascists, who came out of the election with more power.

Q. Do you see the success of extremist parties as a new Europe-wide trend?

A. I hope it is not, but at any rate these political extremists are having more success.

Q. In Marrakesh some 125 nations have just signed the Uruguay Round accord under the General Agreement on Tariffs and Trade. Will you be discussing trade with President Clinton?

A. Yes I will, and I think it is important that we develop our system so it never leads back to protectionism. I also think we should overcome considerable discrepancies in social standards, in workers' rights and levels of income in various parts of the world. We should use free trade as a tool to improve standards of living.

JAPAN: Watanabe, a Senior Liberal Democrat, Defects to Join Race for New Prime Minister

Continued from Page 1

Kono won his position last year by beating out Mr. Watanabe.

The defection would add to the confusing mass of parties and alliances that have been created in nearly a year of political confusion in Japan. But over the long term, after minor parties consolidate or disappear, the likely outcome is the

creation of two or three conservative parties that will vie to run the country.

To realize that vision, Mr. Watanabe is expected to ally with Ichiro Ozawa, the country's shrewdest behind-the-scenes politician and the man who appears to be engineering the remarkable reordering of political system that dominated Japan from 1955 until last summer.

The two men share a close ideological base: Both have called for a revision of Japan's constitution to

specifically allow the Japanese military to participate in United Nations peacekeeping operations and to play a broader role in the world. Their critics contend that any amendment to its "peace constitution" would put Japan on the road to becoming a full-scale military power, a role it has eschewed for half a century.

But Mr. Watanabe is no reformer, and he would hardly be welcomed by the left wing of the coalition. Many members of the Social Democratic Party, the largest party

in the coalition, have threatened to leave if Mr. Watanabe — whom they associate with the old, corrupt and conservative Liberal Democratic Party — suddenly joins the coalition.

The mystery in Tokyo on Sunday night was whether Mr. Watanabe could bring enough defectors with him to make up for the number of coalition members who would leave rather than see him join them. That number is probably at least 60 members of parliament, and by most estimates he will not come close.

Still, the move created a number of possible scenarios.

The first is that Mr. Hata would become the prime minister. He is the most acceptable to all parties in the coalition, and they have spent the weekend working out a policy paper that gives priority to passing

a long-stalled budget, reforming the tax system and pledging to abide by any UN decision on imposing economic sanctions against North Korea because of its nuclear weapons program.

The second and more complicated scenario calls for Mr. Hata to step aside and allow Mr. Watanabe to be the coalition's nominee for prime minister. But that strategy is full of risks. Mr. Watanabe is a politician from the old school, a professional at raising money, and hardly fits the coalition's young, fresh image. It seems unlikely he could garner sufficient votes to win in a three-way race with Mr. Hata and Mr. Kono.

The third option would allow Mr. Watanabe to join the coalition with a lesser position, perhaps with a secret deal that he would become the nominee for prime minister in the near future.

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THE AMERICAS / ACADEMIA CALLS

★ POLITICAL NOTES ★

Tough Slogging in Hunt for Court Nominee

WASHINGTON — White House officials who were astonished by Senator George J. Mitchell's decision to remove himself from consideration for the Supreme Court confessed that they had started but abandoned hope that the process of finding a justice will be neat and quick.

As he deliberates, President Bill Clinton finds himself enmeshed in a complicated and potentially messy selection process that could ultimately involve dozens of lawyers in and out of government, special-interest groups and a list of candidates that grows daily. Most people consider Judge Jose Cabranes, chief of the U.S. District Court in Connecticut, a serious contender for the seat being vacated by Justice Harry A. Blackmun, who announced his resignation earlier this month. But the rumor mill also churned out the name of Michael S. Dukakis, the former Massachusetts governor who has barely recovered his reputation within the Democratic Party following his drubbing by George Bush in the 1988 presidential election.

Some ambitious people even put out their own names. The White House hints at others to send signals about diversity and inclusion. For a certain crowd, it is fast becoming an embarrassment not to be on the list, and some White House officials have even jokingly tossed their own names into the mix.

White House advisers have said that Mr. Clinton would like to appoint someone who possesses political experience and sensibility. But the immediate concern, officials said, is whether the president can find someone who can be easily confirmed without upsetting delicate relations with Congress at a time when passing a health-care bill is a higher priority than selecting a new justice. (NYT)

A New Proposal to Step Up Drug Searches

WASHINGTON — A week after a judge blocked a more ambitious approach, President Clinton has announced a new initiative intended to increase police searches for illegal drugs and weapons in public housing projects plagued by gang violence.

A federal judge had halted an effort by the Chicago Housing Authority, which was backed by the Clinton administration, to conduct these searches without warrants.

But Mr. Clinton said on Saturday that Attorney General Janet Reno and Housing Secretary Henry G. Cisneros had come up with a "constitutionally effective way" of allowing more voluntary or emergency searches of public housing.

Instead of trying to gain a new power for warrantless searches, Mr. Clinton would encourage housing authorities to make more aggressive use of powers that they already have.

Most notably, the administration would urge the housing authorities to ask tenants when they sign leases to give standing consent to having their apartments searched for drugs or weapons.

The president's proposal would also allow officials to enter apartments without a warrant in emergency circumstances — which would be determined by the local authorities — if there was not enough time to obtain a judicial warrant.

Nothing Mr. Clinton put forward would be binding on the local housing authorities that run federally financed housing projects across the nation.

Instead, the president and Mr. Cisneros hope to spur more action against crime by making clear what can be done and to show that they support such actions. (NYT)

2 Independents Eye Virginia Senate Race

WASHINGTON — Former Governor L. Douglas Wilder, a Democrat, and J. Marshall Coleman, a two-time Republican gubernatorial nominee, have moved to enter Virginia's tumultuous U.S. Senate race as independent candidates.

Mr. Wilder announced Friday that he had authorized a petition drive that could put him on the ballot in November. A prominent businessman in McLean, Virginia, said he had raised money and hired a professional firm to gather signatures for Mr. Coleman.

Both independent efforts are predicated on Senator Charles S. Robb being the Democratic nominee and Oliver L. North, a former Reagan administration aide, the Republican candidate. This is a sign that many party regulars are dissatisfied with both front-runners.

Mr. Wilder probably would withdraw if Mr. Robb, his longtime rival, was defeated in the Democratic primary June 14. Similarly, Mr. Coleman, who lost the 1981 governor's race to Mr. Robb and the 1989 race to Mr. Wilder, would bow out if Mr. North was denied the nomination at the Republicans' June 4 convention. (WP)

Quote/Unquote

Michael Harrison, editor of Talkers Magazine, on the fact that at least nine radio talk-show hosts are running for Congress: "Talk radio is the primitive public address system of 21st-century interactive mass media." (NYT)

Away From Politics

● About 35 more police officers in a Harlem precinct will be arrested or otherwise disciplined in the next few weeks on various drug charges or for failing to report corruption, the New York City police commissioner, William J. Bratton, said. With 14 officers of the 30th precinct already taken into custody on felony charges in recent weeks, the housecleaning would be the most sweeping in any station house in more than a decade.

● Jacqueline Kennedy Onassis is "doing very well and will be going home pretty soon," after ulcer surgery at a New York hospital, according to her aide, Nancy Tuckman. Mrs. Onassis, 64, is suffering from cancer and the ulcer was discovered as she was in the hospital for treatment.

● The mutilated body of a woman believed to have been killed by a great white shark was recovered off the Sunset Cliffs beach in San Diego. "It had very large bites taken out of it," said a city lifeguard, Brant Bass.

● A truck driver was beaten unconscious after driving through a picket line set up by the Teamsters union as part of a strike in Los Angeles. The Teamsters went on strike April 5 against 22 major trucking companies after both sides failed to agree on a contract covering nearly 80,000 workers. The dispute involves the hiring of part-time employees. (NYT, Reuters, AP)

Policy-Rescue Chief at White House Is Ready to Bail Out

By Ann Devroy

WASHINGTON — David Gergen, the Republican who joined the Clinton administration to help lift it out of the chaos of its first spring, has told White House officials he is discussing taking a teaching job at Duke University.

Sources said Mr. Gergen was approached by Duke, where his father taught and with which he has long had ties, about teaching there in the fall. He said he had had such discussions but had not decided precisely when he would leave.

Recruited last year after a series of public relations disasters dogged the White House in its first months, Mr. Gergen helped reorganize the communications efforts and brought a moderate, bipartisan policy argument to the left-leaning Clinton White House table. He pushed hard for the major presidential effort that helped win passage of the North American Free Trade Agreement late last year and for a presidential effort on crime and welfare reform.

But in recent months, political infighting at the White House has left him isolated and his policy voice has been weakened, sources said. He serves as counselor to the president, with overall responsibility for the communications operation, a broadly defined role that allows him to become involved in a variety of issues but gives him no direct line responsibility.

When he was recruited by the White House chief of staff, Thomas F. (Mac) McLarty, last May, Mr. Gergen said his goal was to help the president advance his agenda, not to get involved with partisan politics. Mr. Gergen has told associates he wants to leave by the end of this legislative session, which could be from late August to November.

Assessing Mr. Gergen's impact on the White House, one friend said it "coincided with the stop of the initial hemorrhaging." "He was the first tourniquet that allowed the White House to have breathing time," the friend said, adding that Mr. Gergen's advice and calmness under pressure had allowed White House officials to "try to organize themselves to govern, not simply continue to wage a political campaign."

As a Republican, Mr. Gergen also enabled Mr. Clinton to appear to want to govern from the center with a bipartisan coalition. Little of that bipartisan governing has been in evidence, however.



EQUALITY IN THE COCKPIT — First Lieutenant Jeannie Fynn with an F-15E fighter jet at Seymour Johnson Air Force Base in North Carolina. She is the first U.S. woman combat pilot.

A Case of 'Cultural Tension'

Hillary's Arrival, as Told by Clinton's Mother

By Donnie Radcliffe

WASHINGTON — When Bill Clinton first brought Hillary Rodham home, his mother, Virginia Kelley, "didn't know what to think."

"No makeup. Coke-bottle glasses. Brown hair with no apparent style," Mrs. Kelley wrote in a memoir to be published posthumously next month. "Even though Roger and I were polite, I guess our expressions gave us away, because the minute Hillary went to her bedroom to unpack her bag, Bill shot us a withering look."

I want you to know that I've had it up to here with beauty queens," Mrs. Kelley told them, lecturing her mother and half-brother like "two bad children."

Beautiful women had been as much a part of Mr. Clinton's Arkansas landscape as his political ambitions, but by the time he brought Hillary Rodham home to Hot Springs to meet his mother in the early 1970s he made it clear that it was brains that now mattered to him — not looks. "I have to have somebody I can talk with. Do you understand that?" he demanded.

Describing the let's-get-things-straight session in the family kitchen, Mrs. Kelley writes in her autobiography, "Leading With My Heart: My Life," being published by Simon & Schuster, that as law students at Yale, Bill and Hillary were "very much of their time" — which meant scruffy hair with T-shirts, jeans and sandals to match.

Mrs. Kelley, who wrote the book with James Morgan, an Arkansas writer, in the year after her son's inauguration as president, died of breast cancer on Jan. 6.

Of her early rocky relationship with her daughter-in-law, Virginia Kelley offers in her own defense her provincial, Depression-era Southern upbringing, in which she never had much to do with "Yankees" like Hillary Rodham, who grew up in suburban Chicago.

"Bill may be appalled to read this, though I think he understood what was happening better than Hillary and I did," she writes. "I know he's told a friend, 'There was almost a kind of cultural tension between Mother and Hillary.' I guess that's as good a way to put it as any."

Mrs. Kelley leaves little doubt that there was more than "cultural tension" between herself and Hillary, who became her daughter-in-law in 1975. "I might have resented her being a lot smarter than I am," Mrs. Kelley writes, adding that she had never been jealous in her life "and I'm not going to admit it here. But I might've been intimidated a little bit. There's no question that this was — and is — the smartest woman I've ever encountered."

At one point Bill Clinton agonized that Hillary might not come to Arkansas with him. Eventually faced with the reality that she might be putting her son in the position of having to choose between herself and Hillary, Mrs. Kelley says her "conversion" was "almost biblical." In a letter she later wrote to Hillary, she asked forgiveness. And a happy ending might have ensued except that when Bill told her that Hillary intended to keep her own name after they were married, Mrs. Kelley remembers that she started to cry.

Shocked by such a radical departure from custom, she remembers thinking it had to have been "some new import from Chicago."

President Rises in Tax Rolls

By Ruth Marcus

WASHINGTON — President Bill Clinton and Hillary Rodham Clinton made \$293,757 in 1993 and paid \$62,670 in federal income taxes, according to their tax return. They are entitled to a \$7,862 refund, which they decided to apply to 1994 taxes. A White House official said the Clintons paid at least \$1,500 more in taxes because of the tax increase for the wealthiest Americans.

The return, covering the Clintons' first year in the White House, reflected the first time in 16 years that the president's income exceeded that of his wife, who had been the family's principal wage earner. Last year Mr. Clinton was paid a salary of \$189,167 — less than the \$200,000 allocated for the president because he did not take office until Jan. 20 — while his wife did not receive a salary.

The Clintons earned another \$2,473 in residuals for a campaign appearance on a talk show. Hillary Clinton also received \$12,000 from the "Henry G. Freeman Jr. Pin Money Fund." The fund was established under the 1912 will of a Philadelphia man who said he wanted to set that amount aside for the president's wife "because I feel the president of the United States receives such a miserable pittance for a man holding the greatest position on earth."

Mr. Freeman's last heir died in 1989 and the money was freed in December 1992 as the Bushes were leaving the White House. White House officials said they did not know whether Barbara Bush received any money from the fund. They said Hillary Clinton planned to donate her share to charity.

The Clintons' income also included \$20,574 in interest and dividends, \$40,533 in capital gains realized when they set up their blind trust, and \$38,938 in moving expenses paid by the privately funded presidential transition foundation. The Clintons deducted the transition fund money as a moving expense. Their total deductions were \$71,482, for a taxable income of \$222,275.

The income put the Clintons among the top 1.2 percent of Americans, who are paying higher taxes this year because of Mr. Clinton's first budget.

The Clintons donated \$17,000 to charities that included their colleges and law school, various churches, the Washington Ballet, and the Vincent W. Foster Scholarship Fund, named for the deputy White House counsel who committed suicide last summer.

In 1992, the Clintons' federal income taxes totaled \$70,228 — about 24 percent of an adjusted gross income of \$290,697, according to copies of the return released by the White House.

Kevorkian Sets Jury Trial Strategy

New York Times Service

DETROIT — Dr. Jack Kevorkian will force a jury to try him this week for breaking a law that has already been ruled unconstitutional by three judges, that is under review by an appeals court and that the doctor has openly flouted, daring prosecutors to charge him.

"I assisted Thomas Hyde in a merciful suicide, no doubt about it," he said on Aug. 4, just hours after Mr. Hyde, a 50-year-old man with Lou Gehrig's disease, inhaled carbon monoxide in Dr. Kevorkian's van.

Since then, Dr. Kevorkian, a retired pathologist, has assisted three more suicides and has been charged three more times. Those charges were dismissed when judges declared Michigan's year-old suicide statute defective. One judge recognized a right to commit suicide, based on broad freedom and privacy grounds. Two ruled that the law violated the state constitution. All three decisions were appealed to the Michigan Court of Appeals.

But the Hyde case remained. Judge Thomas E. Jackson of Detroit Recorder's Court declined in February to dismiss it, but offered to postpone the trial until after the appeals court had ruled. That offer was rejected by Dr. Kevorkian's lawyer, Geoffrey Fieger, who argued: "My client has a constitutional right to a speedy trial. This outrage has gone on long enough."

Mr. Fieger is expected to try to persuade the jury to nullify the law in effect by refusing to convict Dr. Kevorkian.

prosecution will ask for any jail time. In December, after helping a 20th suicide, Dr. Kevorkian pledged to refrain from assisting further suicides until the courts clear up the confusion.

Solid-Gold U.S. Bargain for Canadian Mining Firm

By Tom Kenworthy

CARLIN, Nevada — A gold deposit worth as much as \$10 billion is being sold by the United States to a Canada-based mining company for less than \$10,000 under a 19th century mining law still in force.

The pending final sale of the federally owned land and gold to the U.S. subsidiary of American Barrick Resources Corp. is fueling the anger of reformers who have been pushing for years to change the 1872 Mining Act, under which miners can buy U.S. land for as little as \$2.50 an acre and extract valuable minerals without paying royalties.

The siltstone and limestone underlying this high desert terrain near the Tuscarora Mountains is laced with gold. Nearly all of it is embedded in oxide and sulfide ores in microscopic-sized particles that can be liberated only by high-technology methods that tease the gold from millions of tons of rock.

The development of these techniques and the discoveries in the

formation called the Carlin Trend have helped propel the United States into the top ranks of world gold producers, second only to South Africa. In 1980, the United States ranked sixth in the world, producing just less than a million ounces a year.

By 2000, the mines in the Carlin Trend could be producing more gold each year than was mined during the peak year of the California gold rush in the mid-19th century. And no mine in the United States promises more future riches than Barrick's aptly named Goldstrike.

With an estimated 22.5 million ounces of reserves worth from \$8 billion to \$10 billion, Goldstrike would be a renowned find under

any circumstances. But with Congress considering an overhaul of the mining law, the Goldstrike probably will become even better known as the mine that got away.

Within a few weeks, the Interior Department will hand American Barrick clear title to a bit more than 1,949 acres of federal land that includes the mine. Along with the title will go any hope of the U.S. Treasury getting a dime in royalties from the billions of dollars in gold. So far Barrick's development ex-

penses have totaled about \$1 billion.

In return for the acreage and the gold that goes with it, the Treasury gets a check for \$9,765. Under the terms of the 1872 Mining Act that governs mining for gold, silver, copper and other hardrock minerals on federal land, the company only has to pay \$5 an acre to "patent" or take title to the property. It can begin mining — as Barrick did — before it earns a patent if it meets certain requirements.

Cuban Power Supply Halved by Shortages

Agence France-Presse

HAVANA — More than half of Cuba's generating power is out of action because of a shortage of spare parts and lack of maintenance.

Ralph Ellison Dies, Wrote 'Invisible Man'

By Richard D. Lyons

NEW YORK — Ralph Ellison, 80, whose widely read novel "Invisible Man" was a stark account of racial alienation, died Saturday in Manhattan of cancer.

"Invisible Man," written over a seven-year period and published in 1952, is a chronicle of a young black man's awakening to racial discrimination and his battle against the refusal of Americans to see him apart from his race, which in turn leads to humiliation and disillusionment.

"Invisible Man" has been viewed as one of the most important works of fiction in this century, has been read by millions, influenced dozens of younger writers and established Mr. Ellison as one of the major American writers of the century.

His short stories, essays, reviews and criticisms also have been widely published over the years; one collection was printed by Random House in 1964 under the title "Shadow and Act." The second and last collection, "Going to the Territory," came out in 1986.

Yet Mr. Ellison's long-awaited second novel proved to be a struggle and has yet to emerge. His editor, Joe Fox, said Saturday that the second novel "does exist."

He added: "It is very long. I don't know the name, but it is not a sequel to 'Invisible Man.' The book was started in the late 1950s. The initial work on the book was destroyed in a fire in his home upstairs, and that was so devastating that he did not resume work on it for several years."

"Just recently Ralph told me that I would be getting the book soon, and I know that he had been working on it every day, but that he was having trouble with what he termed 'transitions.'"

"Invisible Man" was almost instantly acclaimed as the work of a major new author, as well as a masterpiece in publishing — a successful first novel by an unknown author. It remained on the best-seller

lists for 16 weeks and millions of copies have been printed since its first publication.

The book is the story of an unnamed, idealistic young black man growing up in a segregated community in the South, attending a Negro college and moving to New York to become involved in civil rights issues — only to retreat, amid confusion and violence, into invisibility.

Hundreds of thousands of read-

ers have felt themselves tingle to the flatly stated passion of the book's opening lines: "I am an invisible man. No, I am not a spook like those who haunted Edgar Allan Poe; nor am I one of your Hollywood-movie ectoplasms. I am a man of substance, of flesh and bone, fiber and liquids — and I might even be said to possess a mind. I am invisible, understand, simply because people refuse to see me."

Herald Tribune

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Allied Jets Take to Air Again Over Iraqi Zone

Compiled by Our Staff From Dispatches

WASHINGTON—U.S. and allied fighters have resumed patrols over northern Iraq after a one-day halt following the downing of two American helicopters by U.S. planes, the Pentagon said.

The U.S. European Command ordered the protective flights resumed on a reduced schedule over a "no-flight" zone set up in 1991 by the allies to protect Kurds in northern Iraq, according to Harold Heilsnis, a Defense Department spokesman.

In one of the worst U.S. military blunders in years, two air force F-15C jets taking part in the protective cover on Thursday mistook two U.S. Army UH-60 helicopters for Iraqi helicopters and shot them down with missiles, killing 26 people aboard the two aircraft.

An average of 50 flights by U.S., British, French and Turkish fighters are flown daily over the "no-flight" zone. Such flights were suspended Friday for a safety check and resumed Saturday as the U.S. military conducted an investigation.

The air force missiles that downed the helicopters wiped out the entire leadership of a Western field operation that has worked as a liaison to the Iraqi Kurds since the end of the Gulf war in February 1991.

Among those killed in the accident were 15 Americans, including the mission's American commander, Colonel Gerald Thompson, and his replacement, Colonel Richard A. Mulhern. The mission's senior officers from Turkey, France and Britain were also among the dead.

The field operation, called the Military Coordination Commission, has helped organize efforts to rebuild Kurdish villages destroyed by Iraqi troops, deliver food, and serve as a liaison with local Kurdish leaders and relief officials.

The effort is designed as a visible reminder of the American-led coalition's commitment to press the government of President Saddam Hussein of Iraq.

The Kurds are a distinct ethnic group of about 20 million people living in a broad area encompassing parts of Turkey, Iran, Iraq and Syria.

U.S. officials said the military mission had visited several Kurdish villages on Tuesday as part of a farewell tour for Colonel Thompson, who was scheduled to leave his post, and an introduction for Colonel Mulhern.

Also among the Americans killed was Barbara L. Schell, a career Foreign Service officer. She was serving as the political adviser to the commanding general of the operation in northern Iraq.

(Reuters, NYT)



BACK AT THE SCENE—General H. Norman Schwarzkopf, the allied commander in the Gulf War against Iraq, greets troops in Kuwait on Sunday at the end of joint Kuwaiti, U.S. and British maneuvers. The retired general was invited to watch the exercises.

Hamas Sharpens Its Terror Campaign

By David Hoffman
Washington Post Service

JERUSALEM—As police and ambulance crews raced to help survivors of the bomb attack in Hadera's central bus station earlier this month, another bomb sat on a nearby bench, unnoticed.

It exploded just as the police began to suspect something was amiss and had cleared the area, but before it could be examined.

The second bomb, which the police say they believe was detonated with a timer, was one of several clues in recent weeks of a new, more aggressive strategy by the militant Islamic movement Hamas.

Just seven months after Hamas leaders returned from their deportation by Israel to southern Lebanon, the movement has twice carried out suicide bomb attacks inside Israel against crowded civilian targets. According to Israeli officials, both attacks demonstrated a degree of sophistication that Hamas had not previously shown.

"We call it a new horizon," a senior Israeli government official said. "They have better intelligence, better preparations, and they are much less amateurish. They are much more sophisticated. They are probably using reconnaissance before an attack, checking out the place first."

Hamas stands at an important crossroads within Palestinian society. In its leaflets and doctrine, it has rejected the peace accord between Israel and the Palestine Liberation Organization. But according to Hamas's leaders, the movement is also jockeying to become a pragmatic player in the power vacuum that is opening up as a result of the accord and Israel's planned evacuation of the Gaza Strip.

[Hamas said Sunday that it would stop attacks against Israeli civilians if Israel halted assaults against Palestinian civilians, Reuters reported from Amman, Jordan.

"The latest operations in Afula and Hadera, which targeted gatherings of Israeli soldiers and settlers but also caused injuries among civilians, is not a fixed policy of Hamas's Qassam brigades," said a statement by the group.

"This was an exceptional policy," it said, "aimed at repelling the brutal Israeli aggression."

"They have better intelligence, better preparations, and they are much less amateurish," an Israeli official.

on our people and was a legitimate response to the blood of our Palestinian martyrs of the ugly Hadera mosque massacre."

"The Hamas movement is ready to reconsider this exception, on condition that the prime minister of the enemy, his government and army pledge to totally stop killing unarmed civilians from the sons of our people." It was referring to Prime Minister Yitzhak Rabin of Israel.

Created six years ago at the outset of the Palestinian uprising, Hamas is now the second most influential political bloc among Palestinians in the territories. It has one of the most efficient social and welfare networks, and it enjoys a power base that includes not only impoverished refugees but also some of the merchant and professional elite.

The movement's guerrilla wing has been responsible for most of the deadly assaults on Israeli targets since the peace accord, Israeli officials said.

Whether Hamas can co-exist with the new Palestinian authority under Yasser Arafat, the

PLO chairman, will be critical in determining whether Palestinian self-rule succeeds or becomes a violent internal struggle, which would carry risks for Israel as well.

Mahmoud Zohar, a physician who lectures at the Islamic University in Gaza and is one of the leaders of Hamas, said, "We will continue our efforts in the mosques and on the streets."

In a recent interview, Mr. Zohar said Hamas was calculating that the Palestinian self-government would fail.

At the same time, he said, the Islamic movement will continue to organize grass-roots services, such as kindergartens and health clinics for the poor, and wait patiently for Mr. Arafat's regime to collapse. He said Hamas expected it to fail in a few years.

Hamas has made clear it will not retreat. Mr. Zohar said Hamas regards Israel's agreement with the PLO—to withdraw its troops from the Gaza Strip and Jericho in the West Bank and allow limited PLO self-rule—as just a continued Israeli occupation in disguise.

So how can the people deal with the existence of the settlers? He answered that it would not be with stone-throwing, but shooting.

"Violence is imminent at any time," he said.

■ Israel Issues Warning to PLO

Israel warned the PLO on Sunday that the autonomy accord will be off if it strikes a deal that allows Hamas to pursue attacks on Jewish targets, news agencies reported.

A senior PLO official in the Gaza Strip denied that the PLO had reached an accord with Hamas, but confirmed that a dialogue, begun two weeks ago, was continuing.

In Amman, meanwhile, King Hussein, under pressure from the PLO and Israel, said that Hamas was illegal in Jordan. He also denied that Jordan had cooperated with Hamas.

(AFP, Reuters)

More Massacres in Rwanda As Talks on Cease-Fire Stall

Compiled by Our Staff From Dispatches

BUJUMBURA, Burundi—Rwandan soldiers raped and hacked to death civilians while battles with rebels raged for an 11th day in the capital, Kigali, after the breakdown of cease-fire talks, witnesses said Sunday.

"It is like the mayhem has gathered pace," said one witness, trapped in Kigali. "There are massacres all over the place. The army's delight is to murder civilians, while civilians turn on each other in ethnic revenge."

Savage fighting continued for control of hilltops around the city. No one appeared to be in control of Kigali and army units and rebels fought with heavy artillery, mortars and rocket-propelled grenades, he said by telephone.

About 3,600 rebels have infiltrated the city but army units and the presidential guard were still reported to be resisting fiercely.

An official of Rwanda's interim government said cease-fire talks that began on Friday had stalled over stringent conditions set by each party. "We are not talking just now," the official said.

The director of the UN peace-keeping mission in Rwanda, Abdul Kabia, said Sunday that the United Nations had also increased trips by armored vehicles to various parts of the city to evacuate people who fear for their lives.

Mr. Kabia said he did not know how many people were under UN protection, but another official put the figure at more than 12,000.

He said the people seeking UN protection were predominantly members of the minority Tutsi ethnic group, who are in fear of gangs of the majority Hutus roaming the streets with machetes.

The Rwandan Patriotic Front rebels drew most of their support from the Tutsis, while the Hutus dominate the government and the military. The two groups inhabit Rwanda and neighboring Burundi, where their rivalry has led to numerous bloodbaths since independence from Belgium in 1962.

President Cyprien Ntaryiza of Burundi and two ministers who were killed with President Juvenal Habyarimana of Rwanda in a rocket attack on their plane in Rwanda on April 6 were given a state burial Saturday. The deaths sparked the ethnic violence in Rwanda.

Belgium's 420 UN peacekeeping troops in Rwanda plan to withdraw with a convoy of about 150 vehicles on Tuesday, a Belgian armed forces spokesman said.

(Reuters, AP)

■ Ugandan Role in Fighting

William E. Schmidt of The New York Times reported earlier from Nairobi:

Eight years ago, Defense Minister Yoweri Museveni of Uganda seized power in Kampala, the Ugandan capital, with the help of about 2,000 guerrillas, a force he recruited among Tutsi refugee families who had fled Rwanda to escape ethnic bloodletting.

Now some of the same guerrillas are on the verge of taking over in

Rwanda, three years after crossing the border with an invasion force assembled in Uganda, using Ugandan equipment and enlisting Rwandans in the Uganda Army.

At the very least, Western diplomats and African specialists say, there is a special relationship between the Ugandan leader and the Rwandan Patriotic Front. Others, including Ugandan exiles, assert that the Ugandan leadership is directly supporting and financing the rebels. Ugandan officials this.

But with the Rwandan Patriotic Front closing the circle on Kigali, where government troops are reported to be in disarray and ministers have already fled, some Western diplomats are now prodding Mr. Museveni to press his former aides and soldiers among the Rwandan rebels to show restraint and agree to a truce.

Fearing Bloodshed, Zulus Delay March

By William Claiborne

JOHANNESBURG—Amid fears of a renewal of the kind of street warfare that left more than 50 people dead in the city and surrounding townships last month, the Inkatha Freedom Party on Sunday postponed a Zulu nationalist march scheduled to take place in central Johannesburg on Monday.

However, Charles Lotiwe, chairman of the Inkatha Youth Brigade, said a "rolling mass action" and general strike would begin Tuesday despite appeals by rival political leaders to cancel it.

Mr. Lotiwe's announcement came after the South African Chamber of Business, in a message to the Inkatha leader, Chief Mangosuthu Buthelezi, asked that the march be called off. The chamber cited the "negative impact of potential violent events on the stability of the economy."

Earlier, Mr. Lotiwe had warned that if police attempted to stop the march, it could "lead to a Bosnia situation in Johannesburg." The Youth Brigade had planned to lead the demonstration to the African Nationalist headquarters here, where ANC guards opened fire and killed eight people March 28.

Within hours of Mr. Lotiwe's statement on Friday, the police banned the demonstration, saying it would escalate the fighting between supporters of Inkatha and the congress and jeopardize South Africa's first nonracial election, scheduled for April 26-28.

The Johannesburg City Council announced that streets leading to the ANC headquarters would be cordoned off with razor wire, and that roadblocks would be erected on the outskirts of the city to prevent demonstrators from reaching the city center.

The authorities said Sunday that the police would still maintain a high profile in the city Monday because of the possibility that some Inkatha supporters would ignore the postponement and not receive word of it. The ANC called on the security forces to assure that Inkatha imps, or warriors with traditional weapons, are stopped from leaving Zulu migrant worker hostels in nearby black townships.

Over the weekend, Chief Buthelezi, the ANC leader, Nelson Mandela, and President Frederik W. de Klerk, along with international monitors, appealed for calm in face of the planned march.

Chief Buthelezi told a group of university students in Empangeni, in Natal, "There is no doubt in my mind that the one single thing all South Africans hope and pray for is that peace will come to our land."

However, a retired army general, Constand Viljoen, leader of the extremist Afrikaner Freedom Front, said that by pledging to stop the march, the government had entered into a "de facto alliance" with the ANC.

"It is clear from Mr. de Klerk's attitude that the government has set one set of rules applying to the ANC and another set applying to other parties. Zulu marches are normally characterized by discipline and order, while ANC marches are known for their destructiveness," he said.

■ 3 Deaths at ANC Rally

Three people, including a 6-year-old boy, were crushed to death and 21 were seriously injured in South Africa on Sunday in a crowd stampede at a Nelson Mandela election rally. Reuters reported from Athlone.

The incident, the worst of its kind in the official campaign for South Africa's April 26-28 all-race elections, occurred in a tunnel into a stadium in this township near Cape Town where Mr. Mandela addressed about 20,000 supporters.

A Red Cross Children's Hospital volunteer, Dr. Louis Reynolds, said someone in the rally crowd stumbled, causing a chain reaction.

"The boy's father described to me that he was in the tunnel when people fell and he fell and more people fell on top of him and his son. The boy was crushed to death," Dr. Reynolds said.

Most of the crowd remained oblivious of the drama, while doctors battled to save unconscious victims brought to them by paramedics and attendants.

"We are deeply shocked and grieved," the ANC said in a statement issued during a meeting with Mr. Mandela to discuss the disaster.

Israel Eases Ban on Entry of Palestinian Workers

Compiled by Our Staff From Dispatches

JERUSALEM—Israel has slightly eased a ban barring the nearly 2 million Palestinians of the occupied West Bank and Gaza Strip from entering Israel, a government minister said Sunday.

"The closure is going to continue," Education Minister Amnon Rubinstein said after a weekly cabinet meeting, but "there are over 16,000 permits for humanitarian purposes and over 4,000 work permits."

"The situation will be weighed from day to day," he said. The permits are for Palestinians over 35 years of age. The 4,000 work permits will be granted to farm workers.

Mr. Rubinstein said the cabinet approved 30 million shekels (\$10 million) for make-work and aid programs in the occupied territories in April to ease the hardship imposed by the entry ban.

Israel sealed off the Palestinians in the territories on April 7, a day

Gunfire Hits Train in Egypt

Reuters

ASSIUT, Egypt—Muslim militants attacked a train in southern Egypt for the first time in more than a month on Saturday night. They opened fire on a sleeper

traveling from Aswan to Cairo but no one was wounded, security sources said Sunday. Some windows were broken, a witness said.

The militant organization Islamic Group claimed responsibility,

Liberation Organization resumed Sunday on Gaza and Jericho.

In another development, Israeli newspapers published details Sunday of a draft peace proposal that the government will ask the U.S. secretary of state, Warren M. Christopher, to deliver to Syria later this month.

Every major newspaper said Israeli military planners had given Prime Minister Yitzhak Rabin a draft peace deal on Friday, and a participant at Sunday's cabinet meeting quoted Mr. Rabin as lending credence to the media reports.

(Reuters, AFP)

BOOKS

DEMOSCLEROSIS: The Silent Killer of American Government

By Jonathan Rauch. 272 pages. \$22. Times Books.

POWER WITHOUT RESPONSIBILITY: How Congress Abuses the People Through Delegation

By David Schoenbrod. 260 pages. \$28.50. Yale University Press.

Reviewed by Jonathan Dorfman

R OSS PEROT may have perfected it, but the pledge to clean up Washington is an old story. A generation ago, George Wallace attacked the "pointy-headed bureaucrats who can't park their bicycles straight." Jimmy Carter tried to reorganize government by zero-base budgeting, a management technique then in vogue. Ronald Reagan decried "waste, fraud and abuse," and the taxes that make them possible. And after a campaign of bus-ride populism, Bill Clinton asked Al Gore to write his report on reinventing government.

To Clinton, the Gore report was also a political imperative: to stop Perot. At 19 percent of the vote, Perot embodied the middle-class fury now at the fulcrum of American politics. Yet the master goes beyond campaign slogans or the political tactics of Bill Clinton. Who today speaks with full confidence of government's ability to get things done?

Not long ago, most people did. "In the period beginning with the New Deal and peaking with Lyndon Johnson's Great Society," writes Jonathan Rauch, author of "Democracy: The Silent Killer of American Government," "Washington seemed one of America's most adaptive and progressive forces—which at the time, it was. What Roosevelt's and Johnson's visionaries did not foresee was that every program would generate an entrenched lobby which would never go away. The same programs that made government a progressive force from the 1930s to the 1960s also spawned swarms of dependent interest groups, whose collective lobbying turned government rigid and brittle in the 1990s." The result is what Rauch calls "democlerosis: postwar government's progressive loss of the ability to adapt."

WHAT THEY'RE READING

• Juvono Sudarsono, dean of the faculty of social and political sciences at the University of Indonesia, is reading "Twenty First Century Capitalism" by Robert Heilbroner. "This book probes the increasingly powerful market forces at work around the globe. What the book shows is that the so-called triumph of capitalism and liberal democracy over the command economy and nonliberal democracy is illusory." (Michael Richardson, IHT)

To Rauch, the culprits of democlerosis are not only the corporations who advertise on "This Week with David Brinkley." Or labor. Or liberals. "The problem is not any kind of 'them'.... It is you and me and many people like us—not only business people and union leaders, but also the sort of people who join the Sierra Club and Common Cause.

But this has made America harder to govern. Thus, the veteran's lobby beat back the Bush administration's attempt to open up a half-empty VA hospital to the public; thus, the financial system is regulated by laws devised during the Depression, ill-suited to the needs of today, because Congress can't resist special interests that are blocking change; and thus, our air budget of budgetary proficiency. A



contributing editor at the National Journal, Rauch is well-positioned to catalogue the ways democlerosis makes government ineffective—and voters cynical.

Democlerosis popularizes the ideas of Mancur Olson, the economist whose books launched a literature about the effect of interest groups on economic growth.

The influence of Olson is also apparent in David Schoenbrod's "Power Without Responsibility." In a tightly argued monograph, Schoenbrod, a professor at New York Law School, attacks Congress's habit of passing vague laws, then delegating the details to regulatory agencies. For example, under the Agricultural Adjustment Act, Congress grants the secretary of agriculture the power to set or-

ange prices through production quotas—in Olsonian terms, a situation exploited by Sunlight, which has the incentive to organize, at the expense of consumers, who don't.

Schoenbrod saves the full force of his attack for Congress. Instead of writing straightforward legislation that might anger Sunlight or consumers, Congress gets off the hook by delegating the matter to the Agriculture Department. Congress can thus promise higher prices to Sunlight, a well-organized interest group, without having to state explicitly to consumers that the cost of their groceries will increase. Delegation makes Congress unaccountable, writes Schoenbrod, and he makes a strong case for questioning its constitutionality.

But Schoenbrod's brief has a narrow focus, making it more likely to be of interest to legal scholars than a general audience. Schoenbrod fails to make clear why the removal of delegation itself will diminish the influence of special interest or change the outcomes of public policy.

In contrast to Schoenbrod, Rauch takes an expansive approach to describe the many ways in which a hardening of the arteries is "encoded into democracy's DNA."

Jonathan Dorfman, a Boston entrepreneur who often writes about politics and religion, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

THE North American Open Pairs Championship ended in March in a victory for Jim Griffin and Ken Schmitz, who became the first pair ever to win this title twice. The runners-up had an unusual route to the final. They failed to qualify at the end of the semifinal play, but the next morning discovered that they had qualified after all because of the diagrammed deal.

It can be seen that North-South are virtually guaranteed to make seven no-trump, which will only fail if East has all four missing clubs. The only pair to reach that contract, were Steve Levy and Peter Friedland.

directors ruled that the contract be reverted to four spades for a score of 510.

That would normally have ended matters, since Levy and Friedland had not hope of qualifying even if they received the top score due to them for bidding seven no-trump. But they correctly appealed the ruling in the interests of the field. That is to say, a change in their score would affect others.

A committee quickly decided in their favor, restoring the seven no-trump score and moving East-West out of a qualifying position. The next morning Cohen discovered that he had qualified and was embarrassed: He had been the chairman of the committee, and had unwittingly given himself a qualification. Another committee was summoned, reaching the same conclusion, and Cohen and Rogers then came close to victory.

NORTH			
♠ A 2	♥ 10 5 2	♦ A K Q J 9 8 4	♣ A
WEST			
♠ 7 5 3	♥ 9 8	♦ 10 9 8	♣ K 8 3
♠ J 9 6	♥ 3	♦ 7 6 5	♣ J 8
♠ K 9 7 4	♥ 10 9 8	♦ 10 9 8	♣ 10 9 8
♠ 7 5	♥ 10 9 8	♦ 10 9 8	♣ 10 9 8
SOUTH			
♠ K Q J 6 4	♥ A 7 4	♦ A 2 2	♣ A 2 2

Neither side was vulnerable. The bidding:

East	South	West	North
Pass	1♠	Pass	2♠
Pass	2♠	Pass	3♠
Pass	3NT	Pass	4♠
Pass	5♠	Pass	6♠
Pass	6♠	Pass	7NT
Pass	Pass	Pass	Pass

West led the club seven.

CONFERENCES, COURSES AND EXHIBITIONS			
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WASHINGTON	NORTH CAROLINA	NORTH CAROLINA	
MAY 3-5 1st International Specialist Congress Environmental Management Systems In cooperation with EAUE, Approaches to environmental auditing, opportunities and possible sources of promotion will be discussed. Contact: TÜV-Akademie Rheinland, Cologne. Tel: (+49) 221-306-3062; Fax: (+49) 221-306-3061	MAY 11 Opportunities in China Presented by staff of China and Peoples Universities, Beijing, China Investment Bank, Beijing, UK Companies and UMIST Staff. Business approaches, opportunities, difficulties and experience in construction management and property development in China. Contact: Pamela Hyde, Centre for Property Development and Management, UMIST Manchester, England. Tel: 061-200 4218; Fax: 061-200 4217	JUNE 8 & 9 EIS 94: Client Server Reporting for the Enterprise Europe's leading conference and exhibition on Executive and Management Information Systems. A unique conference programme which gathers many of the world's best thinkers, practitioners and case studies, with the aim of helping organisations link EIS to business goals. Contact: Business Intelligence Tel: 061-544 1830; Fax: 061-544 9020	JUNE 9-10 Latin America: A New Investment Partner This, the fifth biennial conference on Latin America, will focus on trade and investment opportunities in the region. Contact: Brenda Hagerty, International Herald Tribune, London. Tel: (44 71) 836 4802; Fax: (44 71) 836 0717
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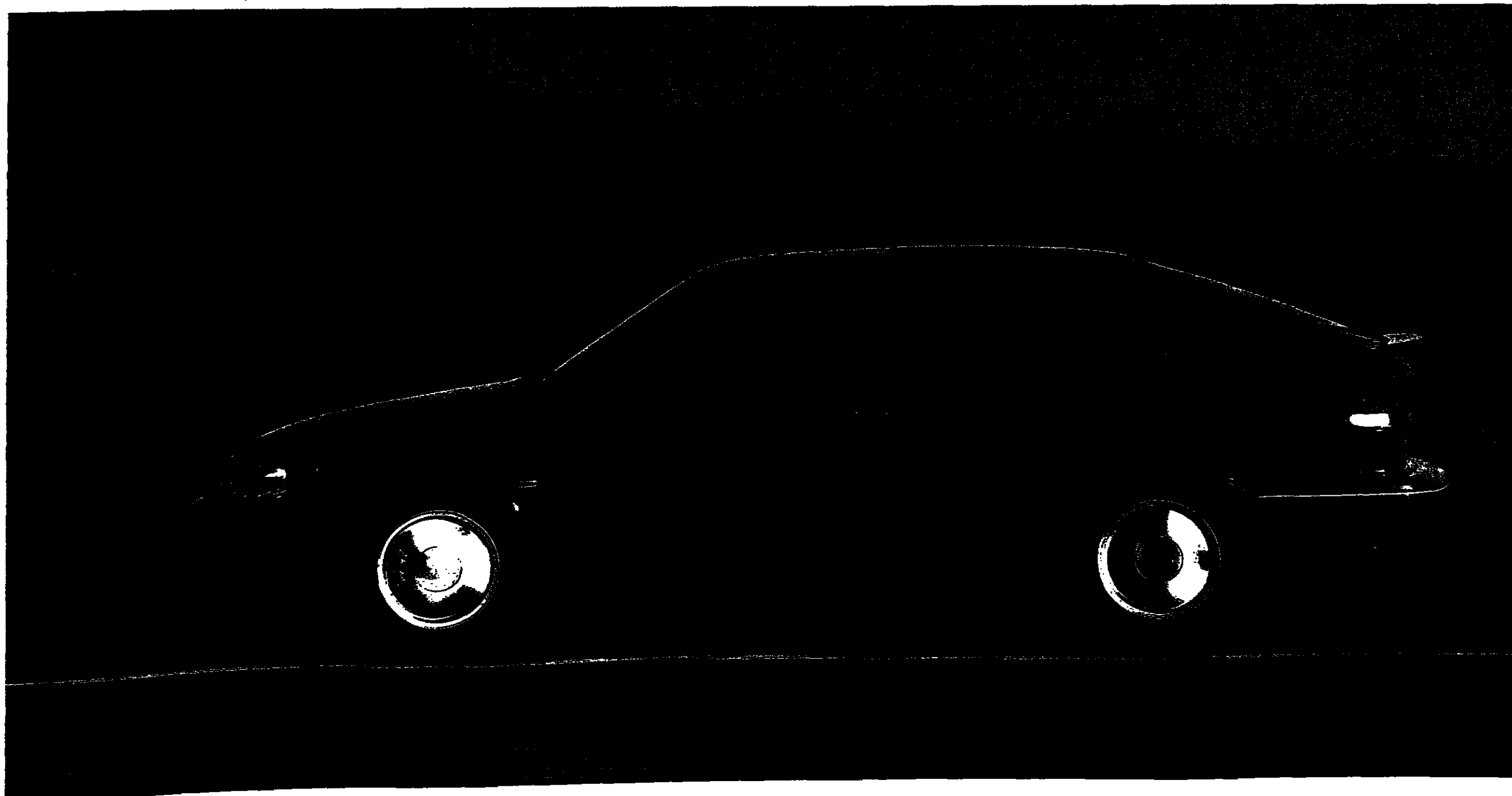
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Introducing the new Saab 900 Turbo Coupé.

Berlusconi Candidates Secure Key Legislative Posts

By John Tagliabue
New York Times Service

ROME — Bruised but victorious after his first battle with parliament, Silvio Berlusconi has secured the speakers' posts in both houses of the legislature for his handpicked candidates, paving the way for his own nomination as prime minister in the next few days.

After fractious bargaining, the Chamber of Deputies elected Irene Pivetti, a 31-year-old first-year legislator from the separatist Northern League, while the Senate chose a 49-year-old economist, Carlo Scognamiglio, of Mr. Berlusconi's Forza Italia party.

[Mr. Scognamiglio said Sunday that President Oscar Luigi Scalfaro wanted to name a new prime minister and begin the process of choosing a government this week. Reuters reported from Rome.]

Parliament convened Friday for the first time since the March 27-28 elections, in which Mr. Berlusconi's party and its rightist allies won enough seats to form a coalition government. Parliament's choice of Miss Pivetti and Mr. Scognamiglio — both backed by the rightist alliance that links Forza Italia, the Northern League and the neofascist National Alliance — was a break with Italian traditions.

Under the traditional system of power-sharing, the posts of speaker have often gone to the opposition, which for all the postwar period has been led by the Communist Party and its successor, the Democratic Party of the Left.

Opposition leaders could not hide their bitterness. "We've been pushed to this point by the line of the right, which tenaciously sought a

partisan solution," said Claudio Petruccioli, a senator from the Democratic Left. The selection of Mr. Scognamiglio, a sometime government adviser who studied at the London School of Economics and is rector of a business school in Rome, reflects Mr. Berlusconi's efforts not to break entirely with the business establishment.

A former member of the pro-business Liberal Party, Mr. Scognamiglio entered the Senate in 1992. His former wife is a niece of Gianni Agnelli, the Fiat automobile baron; his present companion is the daughter of Leopoldo Pirelli, owner of the Pirelli rubber firm.

Miss Pivetti is a close associate of the Northern League leader, Umberto Bossi, and like him made her mark, and has drawn criticism, for her extreme outspokenness. A Roman Catholic of a fundamentalist

strain, Miss Pivetti has come under fire in the press for remarks that many take to be intolerant of other faiths, notably Judaism and Islam.

In an interview last year with the newspaper L'Indipendente, Miss Pivetti was quoted as denouncing critics who "accuse me of anti-Semitism for being a Catholic who doesn't recognize 'elder brothers' in false religions." In recent statements, Pope John Paul II has referred to Jews as the "elder brothers" of Christians.

Miss Pivetti won 347 of the 630 votes in the chamber. Mr. Scognamiglio won the support of 162 of the 325 senators who voted.

Prime Minister Carlo Azeglio Ciampi resigned Saturday after the two speakers were elected. He will mind day-to-day business until a new government takes office.

Report Ties U.S. Disavows Diplomat's Rebuke of Kohl

Stasi to Jet Bombing

By Stephen Kinzer
New York Times Service

BERLIN — A report in the magazine Der Spiegel alleges that the East German secret police may have participated in the bombing of a Pan American World Airways jet over Lockerbie, Scotland, in 1988, killing 270 people.

The United States has maintained that the Libyan government was solely responsible for the bombing. After Libya refused to extradite two suspects for trial, the United Nations punished it by imposing economic sanctions.

According to the magazine report, published in its edition dated Monday, timers identical to the one used in the Lockerbie bombing were purchased by the East German secret police, or Stasi, in the late 1980s.

"This endangers both the American and Scottish indictments," Volker Rath, a German police detective who has been investigating the bombing, told Der Spiegel.

In previous investigations it was determined that the timer which set off the Lockerbie bomb was one of less than two dozen manufactured by a Swiss company, Mebo AG. Company officials had previously said they sold all the timers to Libyan agents in East Berlin. But six months ago, according to Der Spiegel, a Mebo official "suddenly remembered" that the company had sold at least seven to an institute that was a front for Stasi activities.

Der Spiegel said German investigators now suspect that the Stasi served as an intermediary between Mebo and Libyans involved in the bombing.

Compiled by Our Staff From Dispatches
BONN — The U.S. ambassador, Richard Holbrooke, has apologized to the German government after a senior American diplomat strongly criticized Germany and Chancellor Helmut Kohl for failing to crack down harder on anti-foreigner and anti-Semitic violence, diplomatic sources said.

The diplomat, Douglas H. Jones, principal officer at the U.S. Embassy's office in Berlin, said foreigners were too often made to feel unwelcome in Germany and pointed out that the country's nationality law is still based on race.

"If Germany is not a racist society, why is its nationality law, which was written in 1913, predi-

cated upon race?" Mr. Jones asked in a speech last week at the former Sachsenhausen concentration camp memorial in Oranienburg, north of Berlin.

The U.S. Embassy in Bonn said Mr. Jones's views did not represent the views of the embassy, the ambassador or the U.S. government.

"Even though Mr. Jones noted at the outset of his speech that he was expressing his own views, it was inappropriate for him to make remarks so at variance with U.S. policy while working as an American official," the embassy said in a statement.

The U.S. chargé d'affaires, Donald Kirsch, expressed his and the ambassador's "profound regret" in

a conversation with Mr. Kohl's foreign policy adviser, Joachim Bitterlich, the sources said.

The diplomat, who is to retire next month after 21 years in the Foreign Service, questioned the consistency of remarks by Mr. Kohl, who said foreigners were welcome but that Germany was not a nation of immigrants.

Mr. Jones noted that Mr. Kohl had not attended the funerals of any foreigners killed in attacks by extremists in the wake of rightist violence that has followed the country's 1990 unification.

"If I were a skinhead, I would take a certain amount of comfort in hearing that Germany is not a

country of immigration," Mr. Jones said.

"That would signal to me that the nearly 7 million foreigners who live here legally do not belong here and that I am justified in wanting them out."

As an example of intolerance a foreigner can encounter, he gave the example of the elderly German woman who heard two people speaking English on a subway and said in a stage whisper, "German is spoken here."

Bettina von Brauchitsch, a Bonn government spokeswoman, said the embassy had informed the government that Mr. Holbrooke "deeply regretted" the remarks made by Mr. Jones.

(AFP, AP)

Beijing Says Taiwanese Were Murdered

Compiled by Our Staff From Dispatches
BEIJING — The authorities have arrested three men suspected of robbing and killing 24 Taiwanese tourists on a pleasure boat last month, state television announced Sunday.

It was the first time Chinese officials had acknowledged they were treating as murder, robbery and arson a case that threatened a sudden drop in prospects for cooperation between China and Taiwan.

Chinese officials previously had insisted that the boat fire on a lake in eastern Zhejiang Province on March 31 was accidental, despite

repeated charges by families of victims that it was a deliberate act.

Sunday's announcement, also carried by the Xinhua news agency, said the three suspects had "confessed to plotting, preparing and carrying out the robbery and murders and setting fire to the boat, the Harui, on Qiantao Lake." In addition to the tourists, eight Chinese crewmen were killed.

News of the arrests of the three came after 17 days of investigation into the incident, the report said.

A Taiwan government source quoted intelligence reports said Saturday that a group of renegade People's Liberation Army soldiers armed with flamethrowers robbed the tourists and burned them to death.

The authorities found out about the murders the next day but decided to cover them up and ordered the stolen goods to be returned because "the impact of the incident

could be far-reaching," the source quoted intelligence reports as saying.

The deaths of the 24 Taiwanese who were on a package tour has caused a sharp dispute between Beijing and Taipei, and a wave of public protests in Taiwan against the Chinese authorities.

Taiwan strongly criticized China for its handling of the case, especially its insistence that the victims' bodies be cremated before being sent home, and its refusal to allow relatives to go near the boat.

Relatives had accused the Chinese government of trying to hide the true cause of the fire, and Taiwan launched a series of boycotts, including suspension of cultural and educational exchanges, sightseeing tours to China, and the reappraisal of economic policies.

At issue are several hundred million dollars in revenue that Taiwanese tourists bring annually to

the mainland. Last year, Taiwanese made 1.5 million visits to China, up from about 500,000 in 1989. The increase reflected the recent era of reconciliation. In 1993, Taiwanese visitors spent an estimated \$600 million.

Politically, the growing outcry in Taiwan, joined by President Lee Teng-hui and other senior officials, has developed into a major setback to Chinese-Taiwanese relations.

One consequence is a sudden rise of sentiment in Taiwan for independence. A record 27 percent of 1,011 people interviewed supported calls for the government to abandon its goal of eventual reunification with China and declare independence. A Gallup survey showed. About 46 percent of respondents opposed separatism.

Previous Gallup polls showed support for independence at 15 percent and opposition at 61 percent. (AFP, Reuters, LAT)



Egyptians with the UN force huddling in their personnel carrier Sunday at Sarajevo airport as they awaited orders to move out.

RUSSIA: Weak Hold on the Serbs

Continued from Page 1

day when the Russian special envoy, Vitali I. Churkin, was told by the Bosnian Serb commander, General Radko Mladic, that his troops would not storm or shell Gorazde, even as they were preparing another assault.

Still, the Russians remain the only interlocutors the Serbs seem to trust at all, especially after North Atlantic Treaty Organization air power intervened, however tentatively, on the side of the Bosnian Muslims, though formally only to protect UN peacekeepers.

Despite the setbacks and embarrasments, Mr. Churkin and Mr. Kozirev are continuing to try to find a diplomatic settlement for two very good reasons.

First, the Russians no more than the West Europeans or the Americans want to see significant military power, let alone engage troops in a ground war in former Yugoslavia.

Second, the use of NATO power

against the Slavic Serbs, even under UN auspices, will be seized upon by the ultranationalist and even nationalist opposition to President Boris N. Yeltsin, whose political power is perceived to be weakening in any case.

If the end of communism has let loose virulent nationalism in the former Yugoslavia, it has also created an equally virulent form of Russian nationalism here, where there is already confusion about what the identity of a newly independent Russia ought to be.

There is already a growing anti-Westernism, built on disappointment with the slow transition to a market economy, which feeds new assertions of Russia's singularity and great-power status.

So as Mr. Kozirev tried to convince the Serbs to come to a diplomatic settlement, he also criticized Bosnian Muslims for their "provocations" to the Serbs and called NATO's use of air power "excessive," risking a wider war.

(Reuters, AP, AFP)

GORAZDE: Serbs Shell Enclave

Continued from Page 1

pointed a picture of despair in Gorazde and around the building housing UN staff there.

"Shells and sniper fire are shaking the building and it's suicidal to step outside," she said. "We're now up to about 30,000 panicking people who have moved into the center of town. Our building is full of people fleeing."

She said members of the UN staff "tried to take a look outside and there was so much sniper fire they came back in."

Tens of thousands of Gorazde residents, who have been under siege for most of the two-year war, crowded in buildings or huddled fearfully in a dreary rain as tanks lumbered down the streets.

Doctors Without Borders, the international medical relief organization, reported that Gorazde's hospital had been hit, killing some patients and wounding some of its staff.

The Bosnian Serbian news agency, SRNA, quoted Mr. Karadzic as saying that the Pale talks with Mr. Akashi had ended the "crisis between the Bosnian Serbs and the United Nations, and an order has been given for an immediate cessation of fire in Gorazde."

Sunday's developments came a day after a British jet was shot down over Gorazde. The jet was one of two British Sea Harriers targeting a Serbian tank firing on Gorazde. The pilot ejected and was safe.

Commenting on the downing of the British plane, Bob Dole, Republican of Kansas and the Senate minority leader, called Sunday for retaliatory action.

Speaking in a televised interview, he advocated NATO retaliation. He said the wrong extension, Mr. Johnson shouted. "You're fired!" Mr. Ruback had to hide out for months among the crab apple trees, waiting for Mr. Johnson to forget about it.

Really big trouble ensued if a butler dared to pour Mr. Johnson a highball using a second serving from the same bottle of soda water, instead of opening a new one.

By contrast, Republican leaders have more natural talent for being served. One top Clinton official defines the difference between the parties this way: Democrats will wait to hand off a bag to an aide until the aide offers, while Republicans hand off their bags without a word.

Dwight Eisenhower's valet held out the president's undershorts in the morning, so that he could step into them. And when the first big snowstorm of the Reagan administration struck, nearly all the top advisers were late except Vice President George Bush. He credited his driver, telling a colleague that the chauffeur he had when he was little had always got him to the Greenwich Country Day School in bad weather, too.

The party theory falls apart upon close inspection. The Kennedys and Roosevelts were quite popular, even though F.D.R. surprised

not linked to the UN command structure. The alliance should "do something or else go out of business," he said.

In another incident, an off-duty British UN soldier was shot to death at a checkpoint of the Muslim-led Bosnian Army in Sarajevo, a UN spokesman said. Authorities said the soldier was wearing civilian clothes and was breaking a curfew that runs from 10 P.M. to 5 A.M. (Reuters, AP, AFP)

U.S. Firms Refuse To Intervene in Singapore Case

Continued from Page 1

SINGAPORE — Three major U.S. companies operating in Singapore were quoted on Sunday as saying they would reject a New York Times call for them to protest a censure imposed on an American teenager convicted of vandalism.

An editorial in The New York Times last week urged the chief executives of nine major U.S.-based companies to help pressure the Singapore government to rescind the censure sentence against Michael P. Fay, 18.

Three of the companies — Citicorp, IBM and Du Pont — told the Singapore Sunday Times that Mr. Fay's punishment was a matter for the island state's courts to decide.

"We try to refrain from telling them how to conduct their lives, unless it infringes on our business operations," a spokesman for Citicorp in New York was quoted as saying.

CANING: Doubts on Inquiry

Continued from Page 1

20, six days after his release. "They had physically and mentally hurt me."

While Mr. Fay's allegations might be seen as desperate excuses, it may be possible to substantiate large portions of his statement, which suggests that Mr. Fay and his friends may have been so physically abused during their interrogations that they were forced to confess to crimes that they did not commit.

Mr. Fay described how another of the teenagers taken into custody with him, the 15-year-old Malaysian who is still awaiting trial, was beaten so severely by the police that he at least temporarily lost the hearing in one ear.

According to Mr. Fay's statement, the Malaysian, Tze Khong Choo, returned bloodied from one interrogation. "When Tze sat down, he told me that the investigator punched him in the nose, snatched his ear and hit him with some kind of bag," wrote Mr. Fay, who is now in prison. "The shirt had been all bloody from the nose, and Tze said he couldn't hear out of the ear which was hit."

Singapore lawyers say the summary prepared by Mr. Fay after his detention had the ring of truth, especially in his description of a brutal interrogation and of the "air-con" room, which the lawyers say is commonly used in Singapore to encourage confessions.

Francis Seow, a former solicitor-general of Singapore who is now a prominent dissident, said that the existence of the interrogation room was well known in Singapore legal circles and that "it is so cold that even the interrogators cannot stand it, and they often have to leave the room, leaving you inside."

Mr. Seow, a visiting fellow at Harvard Law School, said that he was repeatedly held in the room during a 72-day detention in 1988 and that it had left him with "cold rashes" across his body.

In a telephone interview, Mr. Seow said that coerced confessions were common in Singapore and that Mr. Fay was likely "terrorized" during his interrogation. "I think that word is not an understatement," he said.

In Mr. Fay's statement, he recalled that he had been seated at one point in a room with seven interrogators surrounding him. "One investigator said, 'We don't care about the American Embassy or your parents anymore, they can't help you anymore. We will beat you and put you into the air-con room' (you strip down to your underwear, take a freezing cold shower, go into a small air-con room which I had been in before, and the police investigators whip you with this stick which looks broken). I know how this is done because an officer told me, and I saw people come in and out of there the whole week I was in there."

At that point, Mr. Fay said, he confessed to crimes that he did not commit. "I couldn't last any more," he wrote. "I had no idea what I was truly admitting to, but they became nice to me from that stage on."

Although it has declined to answer questions about the existence of the so-called air-con room, the Singapore government has vigorously disputed the allegation that the teenagers were in any way roughed up.

"This complaint has no basis," the Ministry of Home Affairs said in a statement.

Mr. Fay's parents divorced in 1984, and he has been living in Singapore since 1992 with his mother and stepfather, who works for Federal Express.

Mr. Fay had no prior criminal record in Singapore or the United States, and teachers and school administrators who knew Mr. Fay in the United States said he was never a disciplinary problem.

Mr. Fay's lawyers are now preparing a final clemency appeal to the Singapore government. They have until Wednesday to present their case. President Bill Clinton of the United States has urged that the censure sentence be set aside.

The boy's lawyers say there was almost no physical evidence that tied Mr. Fay to the vandalism.

Stolen traffic signs, Singapore flags and a "sheep" of glass from a telephone booth were found in Mr. Fay's room, and he did plead guilty to possession of stolen property.

But Mr. Fay has insisted throughout that most of the items were actually stolen by a friend, the son of a Swedish diplomat who has since returned to school in Sweden.

EAST: Stranded Feeling

Continued from Page 1

democracies in from the cold won't change those political realities."

The cold shoulder is starting to cause serious friction between the two sides of the Continent, with leaders such as Prime Minister Václav Klaus of the Czech Republic warning that the West will live to regret its shortsighted attitude toward the East.

At a testy news conference last month in Brussels, Mr. Klaus openly clashed with Jacques Delors, the president of the European Commission, the EU's policy-making body. Mr. Delors insisted that the EU countries would try to open up more but felt "no guilt" in blocking agricultural products from the East. He said that cooperation in political and economic fields must be "part of a gradual process."

Mr. Delors's cautious approach visibly infuriated Mr. Klaus, who declared that any talk about membership by "the end of the century is much too late, unacceptably too late."

He called for the West to halt shipping all subsidized products to the East and advocated an immediate free-trade zone between Eastern and Western Europe to put commercial relations on an equal basis.

Attack at Corsica Air Base

REUTERS
AJACCIO, Corsica — A bomb exploded inside a French Air Force base on Corsica on Sunday, heavily damaging the commander's office but causing no casualties, officials said.

most staffers spend their lives at the White House. They see the republic as their real boss, and the house as their house.

In the years since Jefferson filled the White House with slaves from Monticello, the imperial impulse is undiminished. Mr. Nixon's short-lived plan to put his hands in operatic gold-brided tunics and plumed helmets was only the most extreme manifestation of this urge.

Redecoration, for instance, once done as needed, is now considered essential, a way for the latest occupants to express themselves.

The new case of backstairs jitters seems especially odd in this administration of loose-fit jeans and running shoes. Why is a 47-year-old veteran of the 1960s social upheaval, who rode to victory on a bus and a promise of a middle-class tax cut, having such problems with the little people?

Is it party? Republicans like to sneer that Democrats talk big about humanity but do not know how to treat humans.

That was certainly true of Lyndon Johnson. Wanting to show off his hounds to Dinah Shore one night, Mr. Johnson mistakenly phoned the gardener, Bill Ruback, instead of the kennel keeper. When Mr. Ruback told the president he

STAFF: Backstairs at the Clinton White House, It's a Shudder a Minute

Continued from Page 1

had dialed the wrong extension, Mr. Johnson shouted. "You're fired!" Mr. Ruback had to

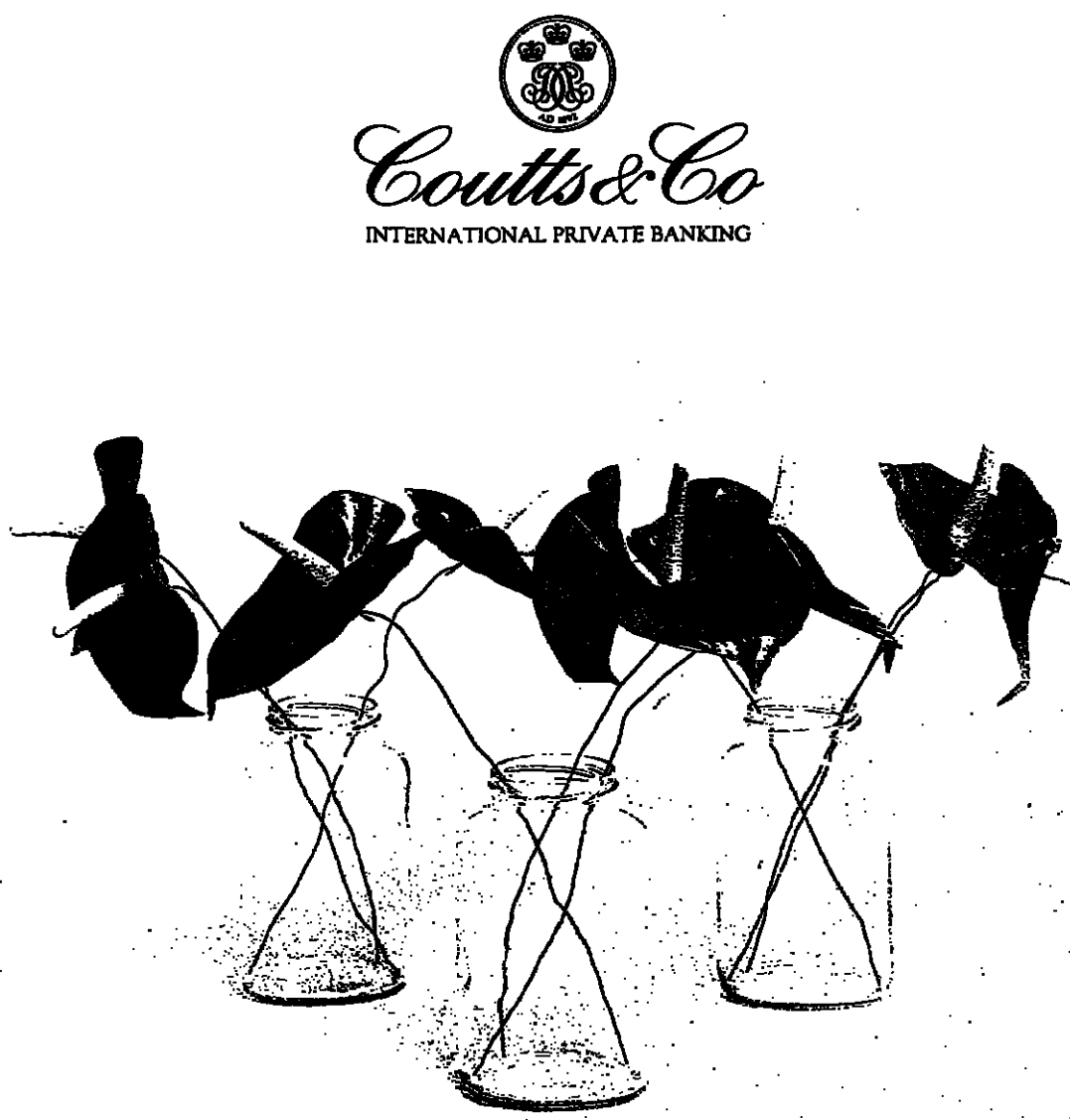
the proper butlers with his standing order for pigs knuckles at card games.

If not party time, what about class? In her new memoir, Peggy Noonan, the former speechwriter for Mr. Reagan and Mr. Bush, suggests that this president struggles with comportment because, unlike Mr. Kennedy and Mr. Bush, he had no one to show him "where you put the rug, how you knot the tie, how to react when the waiter is rude."

Yet presidents do not need to come from privilege to know how to treat the help. The Trumans were adored by their household staff, and even Mr. Nixon was considered quite kind.

Mr. Clinton, who rose with the help of mentors, has an ingratiating air with his elders. But along with servants jittery over dismissals, Mr. Clinton's young aides have the nervous manner of children who expect their father to blow up at any moment. It is disconcerting when the president dresses down his rosy-cheeked aides, such as George Stephanopoulos, in public, and when he sends the Stephanopoulos out to defend his messy past, about which they know little.

In the end, Mr. Clinton's little-person problem is not political or cultural. It's personal. The president conducts his life expecting others to clean up after him. And that is a question of grace.



"Anchored," by Katherine Fritsch, a Coates Contemporary Arts Foundation 1994 award winner.

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Rating the World's Best Restaurants: BRITAIN

With this page on Britain, the IHT's restaurant critic, Patricia Wells, continues to rate the world's top restaurants and to compile a list of the Top 10. A companion report focuses on more casual and affordable restaurants. In future months, we will look at restaurants in Switzerland, Germany and Italy. If you would like to share your favorites with Patricia Wells, please write her at the IHT.

The Top Tables

- No. 1: La Tante Claire, 68 Royal Hospital Road, London SW3 4HP, tel: (71) 352-6045.
- No. 2: Clarke's, 124 Kensington Church Street, London W8 4BH, tel: (71) 221-9225.
- No. 3: Bibendum, Michelin House, 81 Fulham Road, South Kensington, London SW3 6RD, tel: (71) 581-5817.

International Herald Tribune

If you go along with the theory that the best cooks in the world are simply trying to recapture the flavors of their youth, then you have Pierre Koffmann — chef-owner of La Tante Claire in London — in a nutshell.

But Koffmann brings a lot more than his memories of a French farm boyhood in Gascony to his cuisine. There's also a healthy dose of solid culinary training — enhanced by a great endurance and dogged determination.

We're lucky that Koffmann didn't grow up to be the farmer he hoped to be, for what he has done is brought some of the finest peasant cuisine of France's southwest to London.

La Tante Claire is small — room for no more than 45 diners — and, crisply decorated in shades of daffodil, royal blue and white. Service is efficient, quietly attentive, with not a drop of pretension. The food seems to satisfy all that Koffmann sets out to achieve.

Two of his finest dishes come straight from the farm, yet somehow taste as though they're brand new, updated, refined. Of course. Why not a *pot-au-feu de bœuf*? Take that fat, voluptuous lobe of duck liver, poach it just a bit, then team it up with an avalanche of fresh, faintly crunchy baby vegetables, such as perfectly blanched fava beans, peas, cabbage, carrots, snow peas, green beans in a deep, haunting broth. Try it with a few sips of Zind-Humbrecht 1991 Riesling and your palate will do a little dance.

And while we're at it, let's take a rare, exemplary specimen of wild Scottish salmon and poach it in goose fat. This isn't just some wacky bilingual attempt at surf-and-turf, for Koffmann re-creates a childhood specialty of salmon from the Adour River poached in goose fat, much like duck or goose confit. The result is sensual, satisfying, totally valid, for the goose fat imposes nothing, doesn't try to compete, only serves to enhance the salmon's silky, smooth virtues. A dollop of mashed potatoes, a tiny *salade frisée* make it a most agreeable meal. Swirl along with it a glass of Trollet-Benoit's 1986 Corton, and toast Koffmann's thoroughly modern, on-target French cooking.

Closed Saturday, Sunday, Christmas and New Year's Day. Set lunch, £23 (\$37); £45 minimum charge at dinner.

If I ever ran a restaurant, I would want it very much to resemble Clarke's, for Sally Clarke's neat-as-a-pin, cheery and ultimately satisfying restaurant offers much of what we go out to eat for.

She makes it all look so easy, that appealing menu that somehow knew we were in the mood for familiar fare with a bit of a twist. So why not combine a few slices of creamy, moist mozzarella, add some flawless, oil-cured anchovies, capers, huge leaves of flat, fresh parsley, olives and — here's the surprise — halves of purple-black grapes. Sweet and almost squishy, they play at tango, teasing us into thinking they're salty black olives. The capers are just



Clockwise from above: Ann and Franco Taruschio outside The Walnut Tree Inn in Wales; Chef Pierre Koffmann in the kitchen of La Tante Claire in London; Hilary and David Brown outside La Potinière in Gullane, Scotland; Sally Clarke in the kitchen of her London restaurant.

a whisper, the bed of parsley leaves as salad a welcome refreshment.

It's a casual place in a way, but one that doesn't take itself casually. No airs, yet those lean and smiling waiters and waitresses in shirts and slacks and crisp striped aprons, could just as well be serving in an upscale spot, decked out in tuxedos, all polish and poise.

This time of year, you're likely to walk in with the rain and out with the sunshine, and that warm platter of baby leeks and hops, showered with chervil, chives and truffle butter (that actually hints of the rare black truffle), lets you put the raindrops behind you.

While the menu might make it sound like this is just another Mediterranean-trendy spot, the overall result is quite cerebral, and fully pleasing. So when Sally Clarke tucks fresh herbs beneath the skin of a moist, flavorful chicken breast, or combines mint and balsamic vinegar for a sauce to pour atop new-season grilled lamb, you don't go "ho, hum," but quite the reverse.

I adored her choice of cheeses — a subtle and nutty village-made sheep's-milk Spenwood, and a mushroomy Cooleeney Irish farmhouse cow's-milk offering — served with delectable, crumbly oatmeal crackers and tiny radishes spread with butter.

A fruit-on-fruit dessert, Bramley apple fritters with rhubarb sauce, offered a fine play of textures, a sweet and honey close to a meal worth repeating.

There's not much choice at lunchtime (just two first courses, two mains, a dessert or a cheese) and none at dinner time, though one could do much worse than put your palate in the hands of Sally Clarke.

Closed Saturday, Sunday, two weeks at Christmas, one week at Easter, two weeks in summer, and bank holidays. Fixed price meals: £22 and £26 at lunch, £37 at dinner.

Over the past few years, each visit to London has necessarily included a trip to Bibendum, to sample Simon Hopkinson's able, ample cuisine,

and rarely does he disappoint. How could one not be uplifted in such bright, good-times surroundings, with the light streaming through the brilliant stained-glass windows and the jaunty Michelin man egging you on?

In this successfully restored turn-of-the-century Michelin garage on Fulham Road, Hopkinson tinkers with a touch of French, a hint of Mediterranean, a nod to British culinary history.

On my most recent visit, I fell thoroughly in love with his simple artichoke vinaigrette, a stunning platter of baby artichokes stuffed with a finely diced mixture of parsley, garlic, capers and black olives, a play on the traditional tapenade, but one with greater crunch and vitality. He served it with a spiced-up version of the Middle Eastern chick-pea spread, or hummus.

While he's perfectly content to offer a totally traditional Caesar salad, he'll be sure to add a touch of spice to a traditional pea soup, or put you in the mood for a warming tart of ham, Gruyère and sage.

Even when a dish sounds wacky — such as the duck with artichoke and pear salad he offered a few months back — he wins you over with his talent for making it all agreeable to the palate. In this case, the duck had a haunting smoke to it, playing well with the pale, understated flavors and textures of its companions.

Clients are ever complaining about the prices of the wine list, but if they were looking for bargains, they wouldn't be here in the first place.

On my most recent lunch, I reveled in the discovery of two delightful Italian reds from Sardinia: gamay-hued and pleasingly scented, the Rocca Rubia Carignano del Sulcis 1990 and the Terre Brune 1989 seemed right at home with Hopkinson's roast rump of lamb with white beans spiced with a hint of paprika.

Open daily. Closed Christmas and Easter Monday. Set lunch menu: £25. A la carte, £24 to £81, including service but not wine.

CASUAL DINING

- No. 1: The Seafood Restaurant, Riverside, Padstow, Cornwall PL28 8BY, England, tel: (841) 532-485.
- No. 2: The Walnut Tree Inn, Llandeilo, Skirrid NF7 8AW, 3 miles northeast of Aberystwyth, Wales, tel: (873) 852-797.
- No. 3: La Potinière, Main Street, Gullane, ER31 2AA, Scotland, tel: (620) 843-214.

International Herald Tribune

KEEPING it simple is one of life's most difficult lessons to learn. Oh, how we give in to the urge to embellish. One world chef who seems truly to respect the laws of simplicity is the fish and shellfish master Rick Stein, who with his wife, Jill, runs Britain's renowned Seafood Restaurant. A sparkling, straightforward little spot on the Padstow waterfront in Cornwall, this pleasant family restaurant offers some of the true jewels of the sea.

Both cold and hot platters of *fruits de mer*: steamed codfish, sprightly oysters, state-of-the-art lobster creations and jaunty dishes such as scallops steamed in their shells and embellished with scallions and ginger are just a few of the ever-changing offerings.

Stein won my heart with a perfect platter of three varied oysters: the delicate and almondy Helfords; sharp, clean, crinkle-shelled Pacific oysters; and the plump, liquor-filled Loch Fynn from Scotland.

As an encore, he presented one of life's true gastronomic glories, a perfectly grilled lobster, dabbled with a rich fish fumet and infused with a festive mélange of brilliant flavors: fresh herbs, including tarragon, chervil, parsley, and a zesty touch of lemon. One could chive and a zesty touch of lemon. One could live a long time simply on a nice bottle of Italy's fresh, clean Vernaccia di San Gimignano 1991 from the house of Terruzzi & Pothod.

But the Seafood Restaurant couldn't stop there: It may be simple, but far from stingy. There's sweet, sweet butter for the extra-crunchy baguettes, along with a rosemary and a

Parmesan-pepper bread offered with the assortment of cheeses, that might include Milleens (a raw cow's-milk cheese from County Cork in Ireland); a nicely matured Stilton, or a sheep's-milk cheese from Rams Hall. All this goes down nicely with a few sips of Graham's 1984 Vintage Port. For dessert, don't miss the extra-crunchy, memorable *crème brûlée* ice cream.

Closed Sunday and late December to early February. Lunch menu, £20.25 (\$30); dinner menu, £26.50; à la carte, £28 to £75.

Who would imagine finding a truly great Italian restaurant tucked inside a crisp, white-washed pub on a country road in the bucolic border country where Wales meets England? Some 30 years ago Franco Taruschio (an Italian trained in Italy, Switzerland and France) and his English wife, Ann, transformed a rugged country drinking spot into a lively, popular and now much-publicized trattoria. The British food writer Elizabeth David made it one of her favorite haunts, and in her introduction to their new cookbook, "Leaves from the Walnut Tree," the writer Jan Morris compares The Walnut Tree Inn to Harry's Bar in Venice.

And if the proof's in the tasting — as it must be — all the hoopla is merited, for I'd be happy for Taruschio to cook for me any day. From his moist and juicy home-cured beef, or bresaola, to his warm salad of crisp artichokes, fennel and dried tomatoes, to his Pantagruelian *pasta vincigraia* — a veritable, steaming mound of porcini mushrooms, Parma ham, truffles, béchamel, Parmesan and egg-rich fresh pasta — you know that he has that incorporeal Italian touch right down to the core of his bones. And he transmits that joy right to your plate, with a fluffy spinach-and-ricotta tart, warm baby artichokes stuffed with fresh herbs, and a clove- and nutmeg-spiced platter of braised oxtail *alla vaccinaria*, nicely embellished with soft, boiled celery branches.

The inn is modest, to say the least, and many complain that the simple stainless flatware, the unadorned interior take away any potentially

festive air. My response is: When you find great food, go for it, and forget about the silver and glassware.

The Taruschios' latest passion is bread, and once again they've hit it right with crusty breads ideal for their seafood *bruschetta*, a fresh and moist *focaccia*, and sturdier versions smothered with walnuts or olives. Save room for their extra-delicious *loni di fichi*, a dried and cured fig "salami" enriched with walnuts, almonds and dates, and served in slices along with a cheese platter that includes Gorgonzola, a mature cheddar and a smoky sheep's-milk cheese.

Closed Sunday, Monday, and two weeks in February. A la carte, £27 to £68.

It's not often you can go out and have a thoroughly honest home-cooked meal, served up in a tiny dollhouse-size restaurant where a world-class wine list awaits. Amazingly, in this day and age, La Potinière (a half hour by car from Edinburgh on the main street of Gullane), remains a two-person affair, as Hilary Brown shops, chops, cooks and cleans up, while her husband, David, buys the wine, polishes the glasses, irons the linens, serves, clears and acts as all-around host, as they've done since opening in 1975.

Today they have a single Michelin star, along with a lengthy waiting list, for there is only one sitting a day, and room for just a handful of diners. The food is earnest, homey and traditional, with set menus that might include: an ultra-fresh, pure version of potato Saint-Germain; a crisp-skinned wedge of salmon on a bed of greens; wild wood pigeon in a hearty morel sauce, and a pleasing lemon-surprise pudding, half soufflé, half lemon curd, a puckery end to a pleasing meal. With it, we sampled a silken Volney from the Domaine de la Pousse d'Or.

Lunch only: Monday, Tuesday, Thursday and Sunday; dinner only: Friday and Saturday. Closed Wednesday. Set menu: £18.25 and £19.25 (Sunday) at lunch; £28.50 at dinner.

TIPS

International Herald Tribune

TO BE of any lasting value — and to truly satisfy — food needs to have a touch of history, a connection, a base. Otherwise, it's little more than ego on a plate.

Many British chefs — seemingly following the lead of their American counterparts — have succumbed to a rather self-indulgent trendiness at the stove. Make sure the dish contains olive and tomatoes and call it Mediterranean, make generous use of fresh coriander and ginger and call it Thai, and you can

get by with just about anything these days. I'm as much a sucker for the current trend as anyone, but the trouble is, it takes more than a label to make food taste authentic.

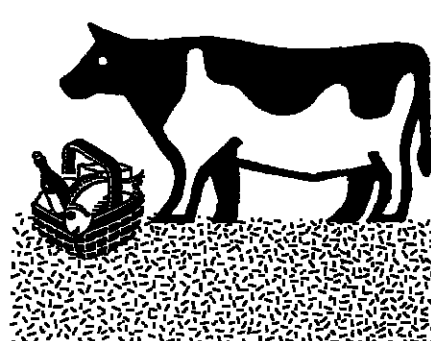
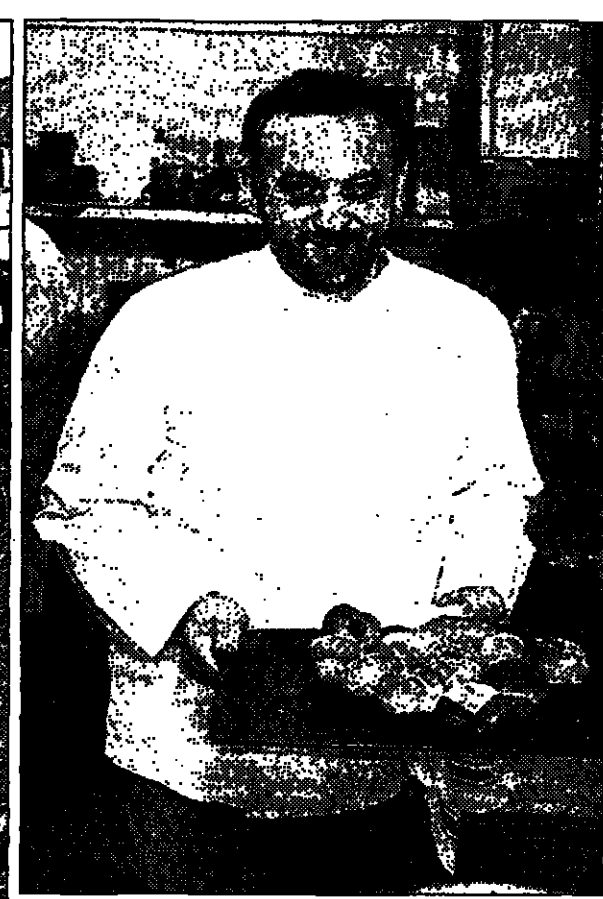
A good 50 percent of my recent meals throughout Britain were disappointing, for all the above reasons. The chefs who do manage to offer a good time, and convince you that you ought to return, are those listed here: People who have a sense of who they are, what they're trying to offer and where they're headed.

The general concept that Britain is a food wasteland is hogwash.

Recent upgrading in the quality of fish and shellfish, meats, farmhouse cheeses and fruits, a clear dedication to good-quality bread, and a serious sweet tooth all add up to some very honest, decent food. And I've rarely tasted better bacon.

A single British subject probably knows more about French wine than a village full of Frenchmen, and where else can you find such an abundance of good Port with good blue cheese?

Stay clear of the trendmongers, and you should eat very well indeed.



THE LIST SO FAR

The following is an evolving list of the 10 best restaurants in the world and the 10 best casual restaurants, based on reporting so far. The list includes reviews on Hong Kong, Tokyo, the United States, France, the Benelux countries, Spain and Britain. With each report the list may change, as restaurants are re-evaluated on a world scale, and new competition comes on board.

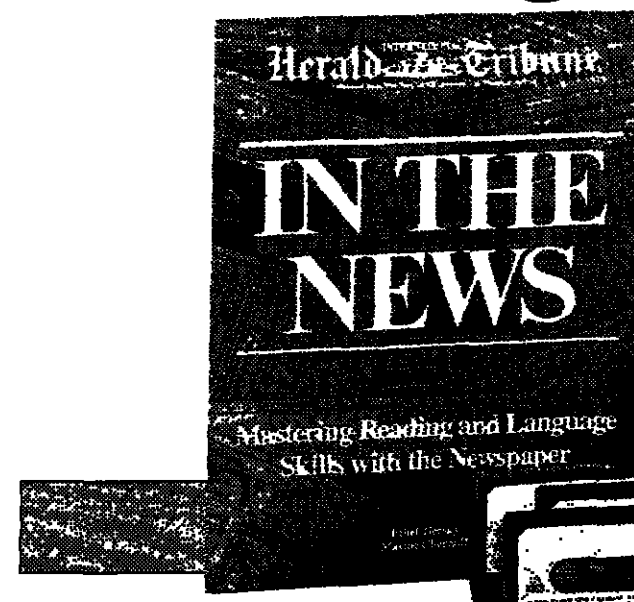
The Top Tables

- No. 1: Joël Robuchon, 59 Avenue Raymond-Poincaré, Paris 16, tel: 47-27-12-27.
- No. 2: Lai Ching Heen, The Regent, Salisbury Road, Hong Kong, tel: 721-1211.
- No. 3: Le Louis XV-Alain Ducasse, Hôtel de Paris, Place du Casino, Monte Carlo, Monaco, tel: 92-16-30-01.
- No. 4: Kô-Chô (Kitchô), Chuo-ku, Ginza 1-11-2, Hotel Seiyô (B1, basement), tel: 3535-1177.
- No. 5: Jiro, Chuo-ku, Ginza 4-2-15, Tsukamoto Sozan Building (B1, basement), Tokyo, tel: 3535-3600.
- No. 6: Guy Savoy, 18 Rue Troyon, Paris 17, tel: 43-80-40-61.
- No. 7: Taillevent, 15 Rue Lamennais, Paris 8, tel: 45-63-96-01 and 45-61-12-90.
- No. 8: La Tante Claire, 68 Royal Hospital Road, London SW3 4HP, tel: (71) 352-6045.
- No. 9: Restaurant Daniel, 20 East 76th Street, New York, tel: (212) 288-0033.
- No. 10: Zabereon, Barrio Izturiz (Izturiz in Basque) 8, Oyarzun (Oiarzun), Spain, tel: (43) 49-12-28.

Casual Dining

- No. 1: Al Forno, 577 South Main Street, Providence, Rhode Island, tel: (401) 273-9767.
- No. 2: La Tupina, 6 Porte de la Monnaie, Bordeaux, tel: 56-91-56-37.
- No. 3: Frontiers Grill, 445 North Clark, Chicago, tel: (312) 661-1434.
- No. 4: Victoria City Seafood Restaurant, Sun Hung Kai Centre, Wanchai, Hong Kong, tel: 827-9938.
- No. 5: City Chin Chow Restaurant, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong, tel: 723-6226.
- No. 6: Ca Flisidre, Les Flors 12, Barcelona, tel: 441-1139.
- No. 7: The Seafood Restaurant, Riverside, Padstow, Cornwall PL28 8BY, England, tel: (841) 532-485.
- No. 8: Vidriana, Juan de Meza 14, Madrid, tel: 523-4478.
- No. 9: La Camellion, 6 Rue de Chevreuse, Paris 6, tel: 43-20-63-43.
- No. 10: Café Crocodile, 354 East 74th Street, New York, tel: (212) 249-6619.

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Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Self-Inflicted Horror

Such is the violence in the streets in Rwanda that in barely a week the name of that Central African country has become the new metaphor for self-inflicted interethnic horror. Observers now publicly wonder what if anything might be done about it by more favorably situated international organizations, states and persons. Unfortunately, the immediate answer to the last question appears to be: not much.

A United Nations mission sent in a white back to monitor a precarious tribal peace is being recalled, unable to protect its own armed members — 10 Belgian soldiers were killed — let alone the defenseless Rwandan citizenry. The three groups that traditionally connect foreign attention to a local crisis — humanitarian organizations, resident foreign nationals and the foreign press — are all being forced to evacuate. The United States has no recognizable national interest in taking a role, certainly not a leading role.

In theory, international fire-engine service is available to all houses in the global village.

Imagine a fire department that would respond only to the lesser blazes. But in a world of limited political and economic resources, not all of the fires will be equally tended. Rwanda is in an unpreferred class. It received a United Nations peacekeeping force last October, but then its political class chose to renew tribal carnage. Second chances do not come easily. Its disintegration cannot fairly be blamed on a lapse of the "international community."

Given the pressures they live under, developing societies have to make huge exertions to keep themselves from becoming disintegrating societies. Moving expeditiously to build institutions of democratic government is critical. This is the best way to cushion the shocks not just of ethnic rivalry but also of economic and social change. The process is sometimes called nation-building. Others can help, but most of the load falls on the particular country. When a fire of Rwandan dimensions breaks out, it means that the country has utterly failed.

— THE WASHINGTON POST.

Rethink the Job in Iraq

"Clearly something went wrong," as General John Shalikashvili put it, in the friendly-fire downing of two U.S. helicopters ferrying Turkish, British, French, Kurdish and American personnel across the exclusion zone in northern Iraq. The helicopters were reportedly en route to a meeting with Kurdish tribal elders to discuss responses to Iraqi military pressure in the area. The only thing certain is that U.S. fighter pilots mistook the helicopters for Iraqi craft and fired missiles at them, killing all 26 on board. Beyond that there are only questions.

A needed investigation has already begun. Needed as well is a reconsideration of U.S. objectives in Iraq. Risky military operations and prolonged economic sanctions are justified only when linked to explicit policy goals. The profiles of Iraq's Hind helicopters and America's Blackhawk are different, but it is understandable that fighter pilots flying by at high speed might make a mistaken identification even in daylight. Why, though, did none of the fallback safeguards against misidentification then intervene?

What about the flight plans for the helicopter mission that should have been available to the fighter pilots and the AWACS radar surveillance plane overflying the area?

Why were the electronic signaling devices that identify American military aircraft to each other not operating? Why was it urgent to shoot down a slow-flying helicopter already under direct surveillance? Iraq has no history of using helicopters for combat purposes in the Kurdish exclusion zone.

That zone, like a similar one in southern Iraq, grew out of the messy sequel to the Gulf War. In the weeks after the cease-fire, Iraqi Kurds and Shiites heeded allied calls to rebel against Baghdad. But the allies then stood by while Saddam Hussein used what remained of

his army to suppress these rebellions. Belatedly, the UN Security Council passed resolutions calling on Iraq to treat its people humanely. On their own, the United States, Britain and France established no-fly zones to keep Iraqi aircraft out of the two main rebellious regions. But these allied air operations are no longer linked to any coherent policy goals. Independence for the two protected regions is not the goal because it is strongly opposed by many neighboring states. So the rebel regions remain in limbo, under formal Iraqi sovereignty but with no way for Baghdad to regain control. That serves a humanitarian purpose in protecting the Kurds and Shiites, but it also invites continuous confrontation, of the kind that indirectly contributed to Thursday's accident.

The United States needs a better policy, one that points toward an eventual end of military and economic confrontation. After much delay, Iraq itself has taken the first steps toward complying with the long-term arms control provisions imposed after the war. Baghdad argues that its moves entitle it to the prospect of some relief from allied pressure, especially economic pressure. The language of the relevant Security Council resolutions, drafted to U.S. specifications, supports Iraq's position. And some Security Council members are now ready at least to take note of Iraq's positive steps. But the United States and Britain remain adamantly opposed to any timetable for ending sanctions.

It is hard to sympathize with Iraq's brutal government, which appears to be behind recent attacks on aid workers, journalists and political dissidents. But it serves no American purpose to be trapped in an ugly stalemate with Iraq. Investigating the helicopter tragedy is essential. So is revitalizing America's policy on Iraq.

— THE NEW YORK TIMES.

Scharping Talks Sense

Rudolph Scharping, leader of Germany's Social Democratic Party, aims to defeat Christian Democratic Chancellor Helmut Kohl in this year's elections. Mr. Scharping is as savvy a politician as Mr. Kohl. He understands that one of the Social Democrats' problems in recent years has been worry among cautious German voters about the party's reliability on foreign policy. So he was in Washington last week doing everything but singing "The Star-Spangled Banner" to proclaim the Social Democrats' friendship with the United States, their firm commitment to NATO and their opposition to a "fortress Europe" trade policy.

In a speech on Tuesday night, Mr. Scharping openly declared the allies' victory over Hitler in World War II as marking the "liberation of Germany." (He noted, accurately, that Social Democrats were "among the first herded into concentration camps by Hitler.") He spoke warmly and repeatedly of former Social Democratic Chancellor Helmut Schmidt, whose foreign policy realism in the 1970s and early 1980s made him an object of attack from the left. And he dismissed the pacifist foreign policy of the German Green Party as "nonsense."

His election strategy is based on saying that he has almost no differences with Mr. Kohl's basically popular foreign policy. He wants to argue — this will sound familiar in America — that the real issue in Germany is Mr. Kohl's handling of the economy, as in, *Es ist die Wirtschaft, Dummkopf!* (It's the economy, stupid). For Mr. Scharping, the safer he looks on foreign policy, the better.

The Social Democrats' embrace of a pro-NATO, pro-American foreign policy is matched by similar moves elsewhere, notably within the Labor Party in Britain. The left-right polarization on foreign policy issues visible in Europe in the early 1980s (particularly over the stationing of American Pershing missiles on European soil) is largely a thing of the past. It can, of course, be argued that none of this much matters now, given the defeat of the Soviet Union. Nonetheless, the clarity of Mr. Scharping's comments is an important reminder of the increasing pragmatism and realism of much of Europe's democratic left — and also of the increasing irrelevance of past positions as predictors of current policy preferences.

— THE WASHINGTON POST.

Other Comment

The Bosnian Test for Russia

Though no effort should be spared to keep the injustice of the settlement of this war to a minimum, a peace agreement will largely reflect the outcome of the fighting. Efforts to fit Bosnia's pieces back together are doomed to fail. However, before the diplomats face the disappointments of the peace, the priority is to avoid an unnecessary resurgence of the war. And here, what Russia does matters most.

Russia's diplomats accept that the Serbs were at fault in Gorazde, even while they condemn the NATO response. They have worked hard for a peace settlement and have no interest in letting the Serbs blow these efforts apart. The best outcome would be if Russia were able to engineer a Serbian pullback. The next best would be for NATO and Russia to coordinate

their diplomacy and threats in order to exert enough pressure to make the Serbs think again. But what if the Serbs still won't back off? That would be a big test for both Russia and NATO.

Once NATO had offered, last January, to use air power to support the United Nations in Bosnia, it had to be ready to strike, if called upon, or see its credibility in the wider world in shreds. Inevitably, that now applies in Gorazde, too. For Russia, the choice is equally fateful: If the Serbs attempt to take on the United Nations, will Russia let them take their punishment or turn protector? Russia has resented its rights as a great power. How it exercises these in Bosnia, and in particular the way the debate now falls around Gorazde, could set the pattern for Russia's relations with the West over a much wider area.

— THE ECONOMIST (London).



The Problem in Japanese Politics Isn't Hosokawa

By Gregory Clark

TOKYO — In retrospect the verdict will probably be unanimous: Japan needed both the rise and the fall of Morihiro Hosokawa.

His sudden leap to the prime ministership eight months ago allowed Japan to shake off almost four decades of conservative stagnation. But he lacked both the will and the ability to put Japan on a radically new course.

I knew Mr. Hosokawa when as governor of the southern prefecture of Kumamoto he began his

Japan has no shortage of worthwhile politicians. Hosokawa is one of them.

drive to power. His reformist zeal was obvious, but his actions, even in his own Kumamoto domain, quite matched the zeal. And before that, back in the '70s as a member of the national Diet, he had shown the occasional opportunistic tendency.

Similarly, after he resigned the governorship to set up his Japan New Party three years ago, even his best friends were dismayed sometimes by the

haphazard way in which he seemed to select party candidates. When he gained power he mishandled his mandate for change.

Many of his problems were not of his own making. To defeat the then ruling Liberal Democratic Party he had to accept support from rebel LDP power brokers discredited by exposure of past LDP corruption. He had to cope with trade and economic problems created by past LDP mismanagement, with little help from volatile mass media and electorate. Most of all he had to cope with an amorphous bureaucracy determined to hold and expand its power.

Even so, if from the start he had had a clearer idea of just what he wanted to do to reform Japan he might have succeeded, such was the head of popular enthusiasm behind his election.

As for the alleged financial wrongdoings that are supposed to be the immediate cause of his downfall, Japan, not Mr. Hosokawa, is to blame. In Japan's political system only the Communists and the religion-backed parties can rely on funds donated by individuals. But precisely because it is

so apolitical, the same society demands that politicians spend enormous sums to win votes. The result is a dilemma that cuts right through to the heart of Japanese politics.

Japan has no shortage of worthwhile politicians. Mr. Hosokawa is one of them. But unless they have inherited wealth, like the current LDP head, Yohsei Kono, they have to take enormous risks in raising the funds needed to prevail against the uglier and more corrupt members of their own profession.

The latter almost by definition take few risks; they already have the fund-raising game down to a fine art. Usually they are exposed only when their greed goes beyond bounds. Meanwhile the cleaner politicians have to sup with the devil in much more exposed areas. When they are exposed, the Japan that was so eager to welcome them very quickly turns against them.

Postwar Japanese politics has already seen several such victims. Mr. Hosokawa is one of the more tragic. One consolation is that in the ensuing political shakeout we may see a clearer political division, one in which the worthy compete directly against the ugly, and win. The man to watch is Yohsei Kono.

International Herald Tribune.

Mussolini: A Theatrical Caesar Adept at Defeat

By Karl E. Meyer

NEW YORK — Even in an age addicted to revisionism, it is startling to read that Benito Mussolini was "the greatest statesman of the century."

So says Gianfranco Fini, the youngest leader of Italy's resurgent non-fascist party, speaking to a Turin newspaper the other day. Still, Mr. Fini was not under oath, and yes, in some ways the Duce who ruled Italy from 1922 to 1943 did shape history.

Once a militant socialist, he invented fascism, a murky left-right creed that finds disciples wherever people seek the smack of firm government. And to attain what he promised — national unity, martial glory and trains running like clockwork — Mussolini honed the skills of a journalist, actor and impresario.

He excelled at balcony speeches, put his armed guards in chic black shirts, taught crowds to chant "Duce, Duce" and devised the ramrod fascist salute. He wrote his own best lines, calling his alliance with Nazi Germany an "Axis" and a "pact of steel." He mesmerized foreign pilgrims in his immense office, with its mosaic of the old Roman Empire, and his fan club included Winston

Churchill, Leon Trotsky, Henry Luce and Lincoln Steffens.

Yet skeptics noticed that Mussolini tended to proclaim bold projects that came to nothing; it was the splash that mattered. He once announced plans for a "Foro Mussolini," bigger than St. Peter's and the Colosseum, to be crowned with a huge bronze of Hercules, his arm raised in a fascist salute, his face modeled on the Duce's. But money was lacking, and it gave way to a smaller forum, blazoned with the slogan "Many Enemies, Much Honor."

Such histrionics, an observer remarked, were not just second nature to Mussolini; they were his real nature. He reviewed his troops in Italian-ruled Libya like a Caesar, and after hurling his bombers at spear-carried Ethiopians he came to see himself as a man of destiny, his forces as invincible. The results for Italy are scrupulously detailed in Denis Mack Smith's "Mussolini."

The Duce declared war against Britain and France in June 1940, when Hitler seemed headed for certain victory. By contrast, Spain's Francisco Franco, a shrewder fasc-

ist, stayed neutral, kept a distance from Hitler and died in bed.

It then transpired that Mussolini had lied to everyone in claiming that Italy had 150 divisions ready to fight. The real figure was 10 divisions. He could have used what forces he had to seize Egypt and the Suez Canal, to destroy Britain's Mediterranean fleet or capture prizes like Malta. It turned out that he had neither the advance plans nor the will to do so.

Mr. Mack Smith expresses the common view that Italy's armed forces were better prepared and better led and fought harder in World War I, without benefit of fascism.

Disastrously, so as to impress Hitler, and confident that bribed Greek generals would not fight, he invaded tiny Greece. His forces were so badly mauled that an exasperated Hitler eventually diverted crack panzer divisions to the Balkans, delaying for four weeks his attack on Russia. Hitler believed that this cost him the war.

That was the initial purpose of common-sense futures, which let farmers pin down a future price for their cattle, and of stock options, which gave investors insurance against big losses in shares they already owned. But, like commodities and options, exotic derivatives have taken on a life of their own. And it is a life that puts the players of the game at a disturbing distance from investment reality.

I have invented my own fantasy derivative called "virtual stock." Why bother placing an order with a broker and coming up with an actual \$6,000 to purchase, say, 100 shares of Ford Motor Co. at \$60 apiece? Instead, you and I can enter into a derivative contract where I "buy" 10,000 shares of "Virtual Ford." But no cash changes hands until, say, the end of June. Then we check the stock tables for every point; if it falls, I pay you. An entire market could be constructed this way: capitalism without capital.

Compared with such derivatives as market-linked CDs, swaptions, synthetic TEDs and collars, "virtual stock" is not so far-fetched. The truth is that instead of buying a piece of a company or lending money to a government, players in the derivatives game are simply placing bets — not much different from the wagers at a

racetrack or a casino. But at least with a roulette wheel you know what you're betting on. Derivatives have become so complicated that the people who make the deals barely understand them. That seems to have been the case with Procter & Gamble, which last week announced a \$102 million charge on leveraged interest-rate swaps.

But a bigger problem is that derivatives provide so much leverage (in some cases infinite leverage, no money down at all) that they are practically irresistible to money managers.

The end came in April 1945. Abandoned by Germany and vilified by his own people, he and his mistress, Clara Petacci, were executed and hung by their heels in Milan.

The Duce's real legacy was defeat, invasion and an enduring political mess. Is it possible that a majority of Italians can be persuaded to call this statesmanship? Somehow I doubt it.

The New York Times.

Who Says We Shouldn't Worry About Derivatives?

By James K. Glasman

WASHINGTON — George Soros, whose Quantum Fund manages about \$11 billion, knew how to strike the right tone at last Wednesday's House Banking Committee hearing. Oh, yes, he certainly shared the concern of the committee about derivatives.

But when it came to regulating hedge funds like his own that might invest in them, Mr. Soros was less enthusiastic. "Frankly," he said, "I don't think hedge funds are a matter of concern to you or the regulators."

Here he was dead wrong. We should all worry a great deal about hedge funds — and about banks and investment houses and even normally conservative corporations such as Procter & Gamble that sometimes behave like hedge funds. One reason to worry is leverage.

A lever, as Archimedes figured out 2,200 years ago, is a device that lets a little bit of energy do a lot of work. Put the fulcrum in the right place and a baby can lift an elephant. In financial terms, use a little bit of your own cash and you can make a lot of money.

Hillary Rodham Clinton's commodities trading shows how. At the end of June 1979, with less than \$40,000 in her account, she controlled 2.5 million pounds of cattle, worth nearly \$2 million. Her leverage, then, was 50 to 1. So a movement of 1 percent in the price of cattle meant a 50 percent profit.

Unlike public mutual funds, hedge funds — which are private partnerships of well-heeled individual and corporate investors — are allowed to borrow heavily. In addition, hedge fund managers get paid based on profits, not assets, so they have a major incentive to speculate.

For a fancy investment in currency or bonds, a hedge fund might put up \$1 million of its own money and

borrow \$10 million from a bank. So, instead of making a 15 percent profit on a deal, it can make 150 percent.

Credit is the lever, and what credit can do if you are winning is wonderful to behold. The problem is that leverage works both ways. If a hedge fund that is leveraged 10 to 1 suffers a 15 percent loss, its own money gets totally wiped out — and it owes the bank getting repaid. Payday is the ones who end up suffering when banks lose billions.

Hedge funds would not be a worry if they really hedged. An example of a hedge is an umbrella store putting in a line of suntan products. A financial hedge is selling index futures short if you have a big stock portfolio.

But hedging can be a bore. By definition, it limits your profits in return for limiting your losses. You don't make 50 percent-plus returns in three straight years, the way George Soros has done, by nimbly-pamby hedging strategies.

In fact, the way hedge funds score big is by placing huge, leveraged bets on specific events — that the yen will rise against the dollar, that German interest rates will fall, or that collateralized mortgage obligations will soar into the stratosphere.

Lately, after some sensational winning streaks, many hedge fund bets have turned out to be wrong, leading, among other things, to the demise of Askin Capital Management (\$600 million or so wiped out) and to first-quarter losses estimated at more than 20 percent for funds managed by Mr. Soros, Michael Steinhardt and other stars. The worry — and Mr. Soros alluded to it in his testimony on Wednesday — is that hedge fund managers will try to recoup these

losses with even riskier bets. And some of the riskiest are in derivatives.

A derivative is a contract whose value is derived from something else. One simple example is a stock option, which is the right to buy shares in the future at a specific price. The value of the option goes up and down based on the value of the underlying asset — the stock. In theory, anyway, derivatives can reduce risk.

That was the initial purpose of common-sense futures, which let farmers pin down a future price for their cattle, and of stock options, which gave investors insurance against big losses in shares they already owned. But, like commodities and options, exotic derivatives have taken on a life of their own. And it is a life that puts the players of the game at a disturbing distance from investment reality.

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The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Gambling in Cab

LONDON — The question of whether a cab is a public place came up yesterday (April 17). Three cabmen were charged with playing dice in a "four-wheeler." A fourth man was leaning in at the window betting with them. Their counsel argued that the cab was not a public place within the meaning of the gambling laws. The policeman swore that the legs of the four men were in the street, but admitted that he was not betting with his legs, but with his face and hands, which counsel described as the "business end of him," and thus was in the vehicle. After an interesting argument, Mr. Harder Corner decided against the cabmen.

1919: Dantzig Decision

PARIS — In the hands of the Big Four the question of Dantzig has gone through many phases, and many different solutions have been announced and abandoned. The latest decision is

Americans Crowding The Jails

By David S. Broder

WASHINGTON — Well before the end of the century, the United States will achieve the distinction of having a million of its citizens in prison. We are not far from that now — more than 925,000 — and the number of prison inmates is growing almost as fast as the national debt. In the year ending last June 30 alone, prison population increased by 70,000.

The incarceration rate in the United States is almost three times that of Canada and six times that of Italy. In the 1980s, the number in jail more than doubled. During that decade the total grew at a rate 10 times higher than the growth of the adult population. It was 17 times higher than the increase in serious crimes.

Where all this will end is anyone's guess. One thing it is surely doing is straining the budgets of all levels of government. What it is not doing is easing people's fear of crime. Yet voters and politicians continue to believe that locking up criminals is the key to safer streets and neighborhoods.

The House of Representatives is about to pass another crime bill, which will build more prisons to incarcerate still more thousands. The legislation includes a version of the popular "three strikes and you're out" requirement for lifetime sentences for those convicted of three violent crimes. It is more restricted in its language than the crime bill passed by the Senate late last year, but it still embodies the prospect of senescent former muggers spending their declining years in prison hospitals, while their grandsons' generation causes mayhem on the streets.

Crime is at the top of almost every local news show and, not coincidentally, the issue voters say is most on their mind. Congress, which is nothing if not responsive, aims to give the people what they want.

The quality named subcommittee on intellectual property and judicial administration of the House Judiciary Committee decided last month by a 10-6 vote to authorize \$3 billion over five years to build new cells for repeat offenders. The Republicans tried to increase the amount to \$10 billion. Next year, as America approaches a presidential election, someone will undoubtedly bid \$20 billion.

Once you have convinced yourself that you can eliminate criminals by locking them up and throwing away the key, there is no limit to what you can spend. But there are some voices being raised to challenge the popular notion that punishment is the best way to reduce crime.

Last week I received a report from the office of California Assemblyman John Vasconcellos, a Democrat. It is written by Joan Petersilia of the University of California, Irvine, director of the criminal justice program at the Rand Corporation, a private research organization with close ties to the Pentagon.

The report reviewed California's get-tough strategy, which quadrupled the prison population from 1980 to 1992, and pronounced it a failure. "The analysis suggests that the much higher imprisonment rates in California had no appreciable effect on violent crime and only slight effects on property crime," it said.

To be fair, the crime bill passed by the Senate and the measure being debated in the House do more than toughen penalties and build prisons. They also finance additional police, drug treatment and crime prevention programs. But the keynote here, as in California, is the easy-to-sell "three strikes and you're out" provision.

Ms. Petersilia argues the futility of that line. "If 34 million serious crimes are being committed in this country (as authorities estimate) and 31 million are never detected, the only way truly to reduce crime is to find some way to stop some of the crime from being committed in the first place."

Most of the violent crimes are committed by young offenders, often when they are drunk or drugged up and reacting to stress or giving vent to anti-social impulses. The deterrent value of threatened long sentences for them is questionable, given the odds against their arrest and conviction. The only effective way to curb such crimes is not by punishment but by deterrence.

Deterrence is difficult — and less emotionally satisfying than muttering "three strikes and you're out." It starts with effective policing and moves back to job-training, school and even preschool programs that instill decent values and equip youngsters with options outside crime. That is the only approach that will keep us from adding another million wasted lives to our prison population.

The Washington Post.

International Herald Tribune
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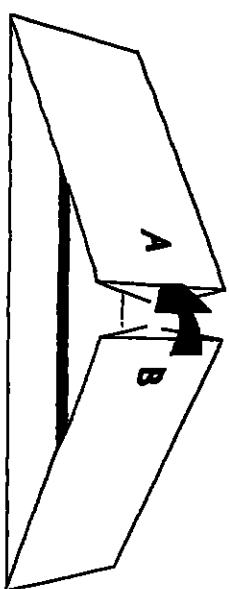
مكتبة الأمل

A

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THIRD FOLD



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Our warmest thanks for your help.

FOURTH FOLD

B

PRIVATIZATION IN ESTONIA

PROGRESS THROUGH THE INVESTMENT OF CAPITAL

The Estonian Privatization Agency has been in full-scale operation for a year and a half. Since September 1992, Herbert B. Schmidt has been serving as its chief consultant. After receiving a doctorate in economics, Mr.

Schmidt held a senior position in an economics policy institute and worked as an international consultant. Prior to his current stint in Estonia, Mr. Schmidt was chief of the central tender office of the Treuhandanstalt, Germany's privatization agency. In this in-

terview, Mr. Schmidt offers his appraisal of Estonia's privatization efforts.

What stage is Estonia's privatization program at right now?

About half of all companies slated for privatization have been offered to the international and national markets by means of four tenders, with a fifth tender currently being launched. These companies display a great variety in size, form of corporate organization and areas of activity. This pace and the scope of activity represent an impressive accomplishment.

What kinds of ownership is Estonia's privatization agency seeking for these companies?

Foreign investment is generally accompanied by an ancillary transfer of managerial and market expertise. For this reason, the government of Estonia has placed a high priority on securing this investment. At the same time, the government has been actively soliciting investment by local owner-operators, so as to build up the broad base of relatively small, innovative companies

characteristic of many West European countries. The government is also creating another kind of broad base of ownership, and that is of private investors with equity stakes in the nation's companies. To that end, shares in privatized companies featuring a stable core of ownership will be offered to private investors. This, in turn, will encourage the development of stock exchanges and capital markets in general.

The world's largest privatization program—that being carried out by the Treuhandanstalt in Eastern Germany—is now being brought to a rapid and successful conclusion. Do you see any features from the Treuhand's program as being suited to adaptation?

Two features proving widely transferable have been the Treuhand's reliance on tenders as the method reaching the largest number of potential investors in the shortest possible time, and its concept of the "entire bid." In this concept, the amount of money offered for a company is only one component of the overall bid. Other elements are the number of jobs guaran-

teed, the amount of investment committed by the potential purchaser and, of course, the viability of the investor's potential plan of operations.

Employing the Treuhand model, Estonia's tenders have had a remarkable amount of success in securing investor interest. To date, the agency has received thousands of inquiries from all over the world—and from every part of Estonia. The open and equitable nature

of the tender system and the "level playing field" it provides have facilitated this interest. Coupled with the "entire bid" concept, this system is providing Estonia with a large amount of cap-

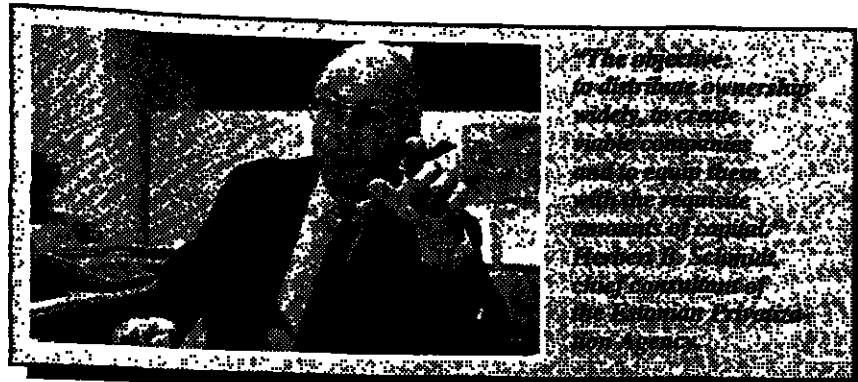
ital configured to have a maximum impact on the country's economic output. That, of course, is the objective of any privatization program: not merely to distribute ownership widely, but to create viable companies and to equip them with the requisite amounts of capital.

In many countries, this kind of investment is subject to various restrictions. How does Estonia treat foreign investors?

In the same way as domestic investors are treated. Foreign investors are free to own, found or purchase Estonian companies and property. Foreigners enjoy the same relatively low rates of corporate income taxes and the same liberal depreciation schedules. There are also no restrictions placed on the repatriation of profits. Both domestic and foreign investors are benefiting from the convertibility of the Estonian kroon, which was pegged to the Deutsche mark at the rate of 8 to 1 in the currency reform of June 20, 1992.

The effects of these measures have been highly evident and gratifying. Both Estonia's economy and its foreign trade have been developing strongly over the past two years.

Interview by Terry Swartzberg



This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • Terry Swartzberg is a free-lance business writer based in Munich.

USEFUL NUMBERS

MINISTRY OF ECONOMY Fax: (372 2) 446 860 "One-stop" information on investing in Estonia.	THE CENTRAL BANK OF ESTONIA Fax: (372 2) 29 837 444 Banking and other financial information.
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Väino Sarnet, general director of the Estonian Privatization Agency.

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ESTONIA

International Tender for the sale of

INDUSTRIAL ENTERPRISES

by the Estonian Privatization Agency

Enterprise number, name, location (in brackets: type of business [capacity p. a. if available], [turnover of 1993 in EKK (Estonian Kroons) if available]/number of employees end 1993)

Closing date:
May 26, 1994



BAKERIES GRANARIES

(EE-060) RAS Narva Leib
EE2000 Narva
(Bread [16,200 tons], pastry [1,080 tons], biscuits [400 tons], toffee candies [300 tons], [23 million EEK/206])

(EE-063) RAS Haapsalu Leivatehas
EE3170 Haapsalu
(Bread and bakery products [1,596 tons], pastry [30 tons], [7 million EEK/68])

(EE-064) RAS Cibus
EE3600 Pärnu
(Bread [10,800 tons], pastry [430 tons], [37 million EEK/175])

(EE-066) RE Kuressaare
Leivakombinaat
EE3300 Kuressaare
(Bread [3,747 tons], pastry [85 tons], [20 million EEK/97])

(EE-075) RAS Tamsalu TERKO
EE2300 Tamsalu
(Concentrated fodder [281,000 tons], wheat flour [68,000 tons], bran [9,500 tons], poultry farming [300,000 chickens, 31 million eggs], egg powder, grainstorage [17,000 tons/458])

(EE-076) RAS Kella TERKO
EE3053 Kella
(Concentrated fodder [160,000 tons], wheat flour [64,000 tons], grists/260)

WOOD AND WOOD PROCESSING

(Production capacity [S-sawn timber, L-logs])

(EE-141) RAS Tarmeko
EE2400 Tartu
(Timber logging, sawn timber [S 65,000 cbm, L 100,000 cbm], furniture, other wood products [98 million EEK/1233])

(EE-145) RAS Virumaa
Metsatööstuskombinaat
EE2100 Rakvere
(Wood trading, sawn timber [S 36,000 cbm, L 80,000 cbm], wood products, kitchen furniture/369)

(EE-151) RAS Tammel
EE0100 Tallinn
(Sawn timber, wooden shields, plywood, doors, windows, wooden containers, timber pedestals, beds, furniture, table tennis tables, other wood products, [22 million EEK/346])

(EE-152) RAS Viisnurk
EE3800 Pärnu
(Skis [250,000 pairs], fiber board [1.9 million sqm], furniture, wooden household articles, plastic parts for furniture, [78 million EEK/830])

(EE-154) RAS Püsi
Puitlaastplaadikombinaat
EE2041 Püsi
(Fiber board [15.2 million sqm], chipboard [140,000 cbm], laminated fiber board [4 million sqm], [76 million EEK/1,050])

(EE-409) RAS Jõgeva Metsamajand
EE2350 Kurista
(Timber logging, sawn and planed timber [S 2,500 cbm, L 20,000 cbm], other wood products/100)

(EE-412) RAS Läänemaa Metsamajand
EE3170 Haapsalu
(Sawn timber and logs [S 4,000 cbm, L 8,000 cbm], other wood products, [3.2 million EEK/80])

(EE-414) RAS Pärnu Metsamajand
EE3600 Pärnu
(Logs, sawn timber [S 2,000 cbm, L 3,600 cbm], garden houses, other wood products/75)

(EE-415) RAS Rakvere Metsamajand
EE2100 Rakvere
(Timber logging, sawn and planed timber [S 3,000 cbm, L 15,000 cbm], other wood products/120)

(EE-416) RAS Rapla Metsamajand
EE3500 Rapla
(Wood trading, sawn timber [S 2,000 cbm, L 10,000 cbm], other wood products/34)

(EE-417) RAS Räpina Metsamajand
EE2611 Ristipalu
(Wood trading, sawn timber [S 8,000 cbm, L 23,000 cbm], furniture, wooden houses, saunas, structural timber, other wood products/186)

(EE-421) RAS Tartu Metsamajand
EE2400 Tartu
(Timber logging, sawn timber [S 3,500 cbm, L 20,000 cbm], wooden construction components, other wood products/108)

(EE-425) RAS Võru Metsamajand
EE2720 Sõmerpalu
(Wood trading, sawn timber [S 4,000 cbm, L 13,000 cbm], other wood products/67)

TEXTILES CLOTHING

(EE-170) RAS Walko
EE2500 Valga
(Men's and women's wear, children's clothes, uniforms, working clothes and sportswear, clothes of artificial fur, underwear [total 1.8 million pcs], [30 million EEK/675])

CONSTRUCTION BUILDING MATERIALS

(EE-298) RAS Elamu
EE0107 Tallinn
(Pre-cast concrete, construction of panel houses, structural metal products [pre-cast parts 200,000 cbm], [29 million EEK/392])

(EE-301) RAS Eesti Vesiehitus
EE0017 Tallinn
(Hydrotechnical construction [18 million EEK/274])

ELECTRICAL

(EE-128) RAS Volta
EE0110 Tallinn
(Electrical motors for alternating current [100,000 pcs], [35 million EEK/968])

(EE-136) RAS Tarkon
EE2400 Tartu
(Measuring devices for airplanes and airports, electrical measuring devices, components for radios and tv-sets [37 million EEK/1,150])

MEDICAL

(EE-239) RAS MRE (Meditsiintehnika Remondit Ettevõtte)
EE0001 Tallinn
(Installation and service of medical equipment [4 million EEK/108])

(EE-498) RAS Tallinna
Farmaatsiatehas
EE0013 Tallinn
(Packaged medicaments [100 million pcs], [40 million EEK/205])

MISCELLANEOUS INDUSTRY

(EE-036) RAS Oru
EE2020 Kohtla-Järve
(Peat [500,000 tons], [8 million EEK/416])

(EE-139) RE Juvel
EE0006 Tallinn
(Gold and silver jewelry [650,000 pcs], silver tableware [600,000 pcs], tableware of white copper [60,000 pcs], minting of coins, [37 million EEK/401])

(EE-216) RAS Mainor
EE0100Tallinn
(Computer software consultation, data processing, data bases, other computer related activities, market researches, business and management consultations [14 million EEK/134])

(EE-296) RAS Balti Baas
EE0017 Tallinn
(Harbor services, shiprepair services, [6 million EEK/118])

(EE-297) RAS Evamet
EE0200 Narva
(Metal parts, cast iron parts [3 million EEK/317])

(EE-340) RAS Rõngu Tehas
EE2452 Rõngu
(Plastic boxes [323,000 pcs], concentrated juice [52,000 litres], galvanized steel plates [10 million EEK/100])

(EE-486) Assets of RAS Spordilaeade
Eksperimentaaltehas (rented)
EE0110 Tallinn
(Motor yachts and sailing boats [800 pcs], [2 million EEK/47])

AUTOMOTIVE SERVICES

(EE-462) RAS Koeru Autoremonditehas
EE2824 Koeru
(Car service, painting of cars, car seats and upholstery [3 million EEK/86])

(EE-501) RAS Autoteenindus
EE0016 Tallinn
(Service and sales of cars, [3 million EEK/208])

(EE-504) RAS Pärnu Autoteenindus
EE3600 Pärnu
(Service and sales of cars, spare parts and accessories [1 million EEK/34])

(EE-514) RAS Tartu Autoteenindus
EE2400 Tartu
(Service and sales of cars [1.6 million EEK/61])

TRANSPORTATION

(EE-225) RAS Pallasti Autobas
EE0014 Tallinn
(Transport, parking lot, retail sale of fuel and spare parts [5 million EEK/131])

(EE-443) RAS Viljandi Autobas
EE2900 Viljandi
(Transportation of goods: 20 % international [10 million EEK/207])

(EE-447) RAS Narva Autobas
EE2000 Narva
(Transportation of goods: 33 % international, heavy transports [17 million EEK/420])

(EE-456) RAS Mootor
EE0014 Tallinn
(International and domestic bus transportation [250 buses], [35 million EEK/645])

FUEL STORAGE DEPOTS

(Wholesale and storage of solid fuel, gasoline, diesel fuel, lubricating oils, heating oil and other oil products)

(EE-530) Hiiumaa Station
of RE Eesti Kütus
EE3200 Kärda
(39 tanks totalling 11,300 cbm, [13 million EEK/20])

(EE-531) Järvamaa Station
of RE Eesti Kütus
EE2820 Paide
(43 tanks totalling 3,000 cbm, [13 million EEK/16])

(EE-532) Kohtla-Järve Station
of RE Eesti Kütus
EE2020 Kohtla-Järve
(11 tanks totalling 10,000 cbm, [15 million EEK/18])

(EE-533) Narva Station
of RE Eesti Kütus
EE0200 Narva
(37 tanks totalling 16,000 cbm, [16 million EEK/25])

(EE-534) Viljandi Station
of RE Eesti Kütus
EE2900 Viljandi
(48 tanks totalling 13,000 cbm, [28 million EEK/35])

WHOLESALE AND RETAIL

(EE-243) RAS Kommer
EE0030 Maardu
(Wholesale, retail and second-hand trading [57 million EEK/212])

(EE-245) RAS Tarmeks
EE0014 Tallinn
(Wholesale of office items, paper articles, photo articles, radios, clocks, sports articles, spare parts, toys, other goods [8 million EEK/45])

(EE-256) RAS Eesti Masinakaubandus
EE0030 Maardu
(Wholesale of machinery, equipment and spare parts [19 million EEK/49])

Tender Conditions

1. In accordance with its legal mandate, Eesti Erastamisagentuur (Estonian Privatization Agency "EPA") intends to sell the aforementioned enterprises by means of a tender in the following manner:

- bids for a state owned joint stock company (organized as "RAS" under Estonian law) must be for the majority of the shares of the company. EPA may reserve a minority of the shares of the company for future public offering of shares;
 - bids for a state owned enterprise (organized as "RE" under Estonian law) must be for its total operations;
 - bids for a plant must be for its total assets (e.g. buildings, leasehold, equipment and inventory), with inventory finally to be valued as of the time of acquisition;
 - bids for assets or parts of an enterprise must be for a separate unit of a RAS, RE or plant, with inventory finally to be valued as of the time of acquisition.
2. The tender is public and anyone may bid. Legal entities in which the State of the Republic of Estonia or the Municipalities of the State of Estonia or their enterprise own one third or more of the sharecapital or of the voting rights may not bid.
3. In deciding among the bids, EPA will take into consideration, among other things, the bid price, promises to maintain or create jobs, pledges to invest, and the business plan submitted, each of which will be considered part of the bid. Upon signing a contract, the successful bidder will be required to post a bond in order to guarantee these pledges.
4. Interested parties can obtain enterprise and plant profiles without charge from EPA. EPA is not responsible for the accuracy and completeness of this information. Prospective bidders will receive written authorization from EPA to visit the enterprises or plants on the basis of which additional information will then be provided by the enterprise or plant management.
5. Bids must be in writing and should be submitted in a sealed envelope marked only with the name of the enterprise or plant for which the bid is submitted.
6. Bids must be received at EPA, Rävala 6, EE0105 Tallinn, Estonia, no later than 2:00 p.m. (local time), on May 26, 1994 (the "closing date"). Bids will thereafter be opened immediately. Bids must be denominated in Estonian Kroon (EEK) or Deutsche Mark (DM), and shall remain valid for one hundred and twenty (120) days after the closing date.
7. Bids must be accompanied by a bond of five (5) percent of the bid price in the form of an irrevocable bank guarantee valid for one hundred and twenty (120) days after the closing date. The bid bond must be payable on first demand and will be forfeited if the bidder either fails to hold its bid open for the required period or refuses to sign a contract in accordance with its bid.
8. EPA will decide on the bids within one hundred and twenty (120) days after the closing date. Bidders may pressure their bid within a period set by EPA. EPA is entitled to accept a bid other than that with the highest purchase price or may reject any of the bids at any time.
9. The privatization of the tendered enterprises will be carried out according to applicable Estonian law.

EPA (Estonian Privatization Agency)
Väino Sarnet
General Director
Office hours for the EPA are Monday through Friday from 9 a.m. until 4 p.m. (local time).

For further information (enterprise profile, data on Estonia, visit authorization) please contact:



EESTI ERASTAMISAGENTSUR

(Estonian Privatization Agency - EPA -)

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CAPITAL MARKETS

Bundesbank's Move Fails To Spark European Bonds

By Carl Gewirtz
International Herald Tribune

PARIS — Conditions could hardly have been more favorable, yet even a surprise cut in German interest rates failed to ignite European bond markets or move the dollar out of the nervousness following the response, analysts say, highlights unwillingness by investors to stake out new positions.

The most revealing — and for some the most disturbing — sign of lost confidence was the stagnation in the December contract for three-month Eurodeutsche marks. It was and remains trading at a level that assumes the three-month rate will be at 5 percent at the end of the year, even though the central bank lowered its floor rate last week by a quarter-point to 5 percent.

Rather than declining, yields on 10-year German government bonds ended the week at 6.26 percent, up from 6.20 percent a week earlier.

Investors are nervous after a disastrous quarter.

"There's a lot of second-guessing going on about the economic outlook and how fast Germany is moving out of recession," observes Jan Loeyers at J.P. Morgan in London. "The assumption is that faster growth will mean a smaller decline in inflation and that interest rates must be near the bottom."

Mr. Loeyers argues that German inflation will keep falling, to under 2 percent, giving the Bundesbank room to further cut rates. But investors, rattled by the volatility in bond markets and the uncertainty about the outlook, are shunning long-term instruments and investing in short-dated paper of less than five years if they invest at all.

Short-term investments are deemed the least risky to upset if growth and inflation rate turn out to be greater than expected and the best placed to benefit if the environment remains benign. That is based on the belief that European yield curves — the spread between two- and 10-year returns — are too narrow and that the needed widening will occur either through a rise in long-term levels (falling prices) or a decline in short-term yields (rising prices).

This preference was abundantly clear last week as the first of the long backlog of issuers waiting to tap the market mostly opted to sell paper with maturities not exceeding five years.

A notable exception was the relatively heavy flow of new issues denominated in lire. This was the case partly because the Italian bond market was the week's star performer with yields falling significantly, and partly because this is mostly a retail market not much influenced by the worries vexing institutional investors. In fact, much of the paper gobbled up is callable — a distinctly unattractive feature for investors if Italian rates continue to fall.

The long-dormant market in European currency units revived with the second-ever global issue in this sector. This was a 500 million Euro, five-year issue from the European Bank for Reconstruction and Development carrying a coupon of 6 percent and priced to yield a tight 6 basis points less than outstanding French government paper. By the end of the week, the paper had not been fully placed.

For Japan, a Go-Slow Rebound

By Paul Blustein
International Herald Tribune

TOKYO — As he carefully slices a slab of raw tuna and prepares servings of eel and fresh sea urchin eggs, Jiro Ono recounted how business started picking up last month at his small, elegant sushi bar, where lunch costs about \$50 per person and dinner three to four times that.

Maybe the predictions of a recovery in the Japanese economy this year are starting to come true, Mr. Ono said hopefully. Or maybe, as some analysts fear, the long-awaited rebound after three years of recession may fizzle because the resignation of Prime Minister Morihiro Hosokawa will shake consumer confidence.

Either way, Mr. Ono said he felt certain about one thing: Even after a recovery begins, free-spending customers will not flood into his sushi bar the way they did during the "bubble economy" of the late 1980s and early 1990s. "We can't expect a return of the bubble," he said.

Many here agree that a long time will pass before Japan regains its supercharged mo-

mentum of yore. Although recent indicators suggest that the economy is bottoming out, Japan's problems go beyond just a downturn in the business cycle, according to business executives, economists and government officials, and they appear certain to hobble Japan's economic performance well into the future.

In the past, recessions were mere speed bumps on Japan's road to ever greater industrial might. Time after time, the country has roared back from business slumps, its industries shaking off their problems to emerge more efficient and more formidable than ever. After the last downturn, in 1985 and 1986, the economy rebounded into a spectacular expansion that peaked in the spring of 1991.

But this time, Japan does not seem to be recovering from its troubles with its customary vigor.

The slump has exposed serious structural weaknesses that should keep Japanese growth relatively modest over the next several years, economists say, and its industrial prowess is less intimidating — at least by comparison with the Godzilla-like perfor-

mance posted during the bubble era. That is not necessarily good news for the United States, because a slowed Japanese economy will translate into weaker-than-expected demand for U.S. exports.

Japanese companies remain saddled with expensive facilities and bloated payrolls added during the late 1980s, when the country's growth seemed boundless and its management methods were widely imitated. Cost-cutting efforts have been constrained by the strength of the yen, which drives up the cost of Japanese products in global markets.

"It will take a long time for the corporate sector to iron out its problems," said Susumu Taketomi, chief financial economist at the Industrial Bank of Japan. "We don't think recovery will come about very soon."

Consider Dainippon Screen Manufacturing Co., a Kyoto-based maker of high-tech machinery. The company expanded during the 1980s as if the market for its computer

See REBOUND, Page 13

When Managing the Yen Leads to Crisis

International Herald Tribune

PARIS — The Japanese are expert at deflecting supposed adversity. Unwanted revelations of the yen in the 1970s and restraints on exports of cars and memory chips in the 1980s have all been transformed to strategic advantage. But success at keeping Japan's domestic market largely closed to imports has been costly and now has boxed the country into a no-win strategy in its trade standoff with the United States.

"Global capitalism has finally caught up with Japan," wrote Richard Koo, Tokyo-based analyst at Nomura Research Institute, in its monthly publication Capital Markets Trends.

The longer Japan refuses to accept numerical targets on imports, aimed at assuring the domestic market is opened to foreign goods, the stronger will be the upward pressure on the yen and the greater the damage to the

country's highly competitive export sector, he warned.

Japan, faced with the choice of managing its trade or managing its exchange rate, has chosen the latter, Mr. Koo maintains. The increase last year in foreign exchange reserves totaled \$26.5 billion, the largest gain since 1986, he noted, as the Bank of Japan bought dollars to hold down the yen. The rise in February was \$3 billion and since then market reports have the central bank intervening massively on a daily basis.

Without that support, analysts guess the run-up in the yen could push the dollar down to a range of 85 to 90 yen from the current level near 104 yen. Even so, the yen remains within a whisker of last August's record of 100.35 against the dollar — and is still easily 25 percent above where analysts think it would trade if there were no impediments.

The yen's overvaluation is

damaging exporters, driving production to cheaper off-shore sites, and delaying recovery.

[The U.S. treasury secretary, Lloyd Bentsen, on Saturday said the United States was not managing the dollar to bring trade pressure on Japan, Agence France-Presse reported from Washington. "We're looking for the market system to handle that," he said.]

For Mr. Koo, Japan's choice to manage the exchange rate "is nothing short of a national crisis. The boldest market-opening measures must be taken to reverse the trend."

Conventional wisdom has it that Japan is in only a temporary bind and that, as in the 1980s, an enormous outflow of capital is waiting to happen that will put downward pressure on the yen and enable the country to continue to run high trade surpluses with a relatively weak currency.

The once record capital outflows have virtually come to a halt, supposedly because of end-of-year pressures that were expected to disappear at the start of the new fiscal year on April 1. While uncertainty about the trade dispute and recent disorder in world bond markets might slow the resumption of foreign investment, conventional wisdom has it that ever-widening interest rate differentials will inevitably pull money out of Japan.

Yields on 10-year U.S. government bonds are currently almost 3 percentage points above levels in Japan.

But according to Mr. Koo, it is futile to wait for capital outflows to resume. They will not, he insists, because of the huge currency losses on past investments.

Japanese investors have been so weakened by losses and their ability to take risks so impaired that there

See YEN, Page 13

IMF Urges Japan And Germany to Cut Rates Anew

Compiled by Our Staff From Dispatches

WASHINGTON — Germany, and Japan could cut interest rates further and the United States raise them as part of a global strategy to promote long-lasting world economic growth, a senior IMF official said over the weekend.

Briefing reporters ahead of the International Monetary Fund's semi-annual meeting this week, the official called on the United States to narrow its budget deficit and Japan to extend its tax cuts.

Separately, IMF officials said the Fund's executive board was expected on Wednesday to approve a \$1.5 billion loan to Russia that could open the way for billions of dollars of postponed Western assistance. The IMF's managing director, Michel Camdessus, endorsed the loan last month.

The senior IMF official, who declined to be identified, said that global growth looks set to pick up to around 3 percent this year and 3.5 to 4 percent next year.

But he added that some industrial nations, including Japan, Germany, France, and Italy, will see their economies lag in 1994.

The Japanese economy "is now bottoming out and could recover, but slowly during the next few months," the official said.

To help ensure that growth returns to more acceptable levels next year, Japan should pursue this year's scheduled tax cuts until the economy is well into a recovery, he said. The tax cuts, which form the core of a \$145 billion budget stimulus package unveiled by Japan earlier this year, are currently only slated to last one year.

A further cut in Japanese interest rates could also help boost the economy, even though rates there are already low, he said.

The IMF official also advocated

lower interest rates in Germany and said that's what he expects the Bundesbank to deliver. The German central bank last week cut rates by a quarter percentage point.

"I see the German economy still at a very low level of activity," the IMF official said. "I have no doubt the German authorities will prudently but steadfastly continue their efforts to make monetary conditions more in line with the needs of the German economy and of their neighboring countries."

To help ensure that the U.S. economy does not overheat, the IMF official advocated a mixture of budget deficit cuts and short-term interest rate increases.

Some analysts have criticized the Federal Reserve for moving too slowly to tighten monetary policy to hold price rises in check and have argued that's why investors have pushed up long-term rates.

But the IMF official rejected that view, and instead blamed the increase in long-term rates on worries about America's budget deficit. (Reuters, AP)

Bonn Wants A Bounty Put On Fugitive

The Associated Press

FRANKFURT — A German government minister is reportedly urging creditor banks to post a huge reward for the capture of a fugitive property developer whose company has filed for bankruptcy. Jürgen Schneider, 59, vanished over Easter and apparently has fled the country.

The federal labor minister, Norbert Blum, said the banks should put up "a reward in millions so that the money shark Schneider can be caught."

"I expect them to do this," Mr. Blum said in an interview for publication in Monday's edition of Bild newspaper.

Dr. Jürgen Schneider AG, the property developer, was one of the largest in Germany, filed for bankruptcy on Friday.

The newspaper Welt am Sonntag quoted officials at his company as saying that they suspected he and his wife had gone to Iran.

Banks say Mr. Schneider left debts of 5 billion DM (\$2.9 billion), plus 250 million DM to subcontractors and craftsmen. But the news magazine Der Spiegel said that he had piled up debts of 9 billion DM, while his properties are valued at only 1.7 billion DM.

The Frankfurter Allgemeine Zeitung said that a spokesman for Deutsche Bank had confirmed reports that Mr. Schneider had written to the bank and asked it to look into his books and "liquidate in an orderly manner" his real estate company.

European Bank Catches Breath in 'Year of Pause'

By Erik Ipsen

International Herald Tribune

LONDON — Shareholders of the European Bank for Reconstruction and Development will find an institution much changed in both substance and spirit when the bank begins its annual meeting in St. Petersburg on Monday.

The bank's mandate — to spur economic development in Eastern Europe and the former Soviet Union — remains the same. Under its stern new president, the former International Monetary Fund managing director Jacques de Larosière, however, the bank has been recast from an infant terrible to a staid pillar of the financial world.

Mr. de Larosière, who was brought into the EBRD last September in the wake of scandals over the bank's free spending and slow lending, saw his installation as a mandate for change and he has seized upon it.

That transformation can be seen in everything from the EBRD's impressive lending statistics — 1993 loan commitments are up 90 percent and disbursements have risen 257 percent — to the agenda for the bank's third annual meeting. That agenda is expected to be dominated by new proposals to steer the bank back to its roots.

On the table will be proposals that will not only reaffirm the bank's commitment to devote 60 percent of its resources to private sector investments, but also go one step further: They will single out small and medium-sized enterprises as priority targets, even though those investments require a great deal of manpower to prepare and monitor each dollar invested.

[One such smallish deal, but for a state-owned company, was announced on Sunday, as the bank opened a \$10.3-million line of credit for Russia's Khimichiv concern to launch a European communications satellite with a Russian Proton rocket, AFP-Extel News reported. The Russian prime minister, Viktor S. Chernomyrdin, and Mr. de Larosière signed the contract in St. Petersburg.]

"It is relatively easy to go out and lend \$200 million to General Motors for a new plant in Eastern Europe," a member of the bank's board said. "To find Polish entrepreneurs and assess the credit risks, for instance, takes more time."

Suddenly, under Mr. de Larosière, the European Bank has slipped from overactive to neutral. The lugubrious agenda of its first president, Jacques Attali, has been

supplanted this year at any rate by what one senior bank official called a "year of pause."

The bank now has a hiring freeze and its budget will be held at \$116 million (\$170.7 million). More controversially, its loan commitments for this year will be held at last year's levels as well. Mr. de Larosière is expected to unveil projections in St. Petersburg that estimate loan commitments for 1994 roughly equal to last year's 1.8 billion European currency units (\$2.03 billion).

Those members of the bank's board who represent some of its 25 borrower nations have expressed frustration with those downsized goals. Some have contrasted them with their countries' ballooning financing needs.

Nonetheless, many of those directors from Eastern Europe and the former Soviet Union also join with their counterparts from the donor nations in conceding that the downsizing is a necessary evil.

The logic is simple. If Mr. de Larosière can put the bank's affairs in order, and if he can convince his 56 mainly government shareholders that he has done that, next year's annual meeting could have a far more ambitious and upbeat agenda.

Certainly, the example of the bank's region-

al counterpart for Latin America, the Inter-American Development Bank, provides ample inspiration. At its annual meeting in Mexico last week, that bank's shareholders approved a massive increase in its capital.

Bank directors say that Mr. de Larosière has already made major strides in his efforts to restore the EBRD's credibility with its donor members. His decision last November to shelve the bank's old structure that had divided it into an arm for the private sector and another devoted to the public sector is now seen as a key success.

Mr. de Larosière decided instead to set up one group that looks after the bank's loans and investments in the countries of a newly defined northern region and another that looks after the south.

As part of the shift from an organization defined by its products to one defined by its countries of operation, the bank has achieved another priority of the new president, a greater country focus.

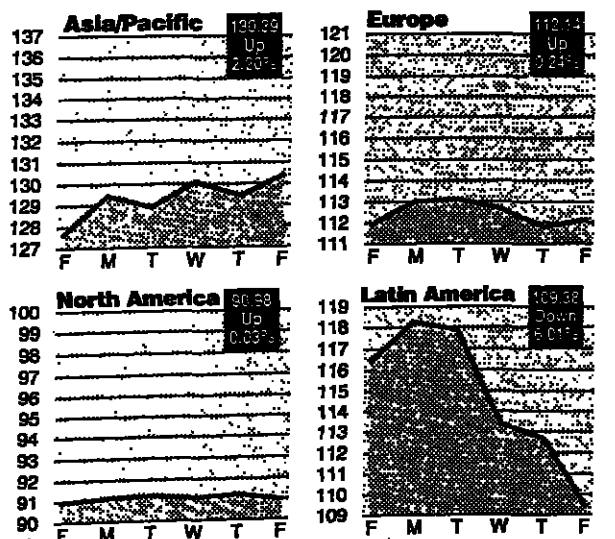
One of the more significant decisions this week will concern the naming of a successor to Mario Sarcinelli, vice president for the southern region, who is leaving the bank to head Banca Nazionale del Lavoro.



THE TRIB INDEX

International Herald Tribune
World Stock Index, composed
of 280 internationally investable
stocks from 25 countries,
compiled by Bloomberg
Business News.

Week ending April 15,
daily closings.
Jan. 1992 = 100.



Industrial Sectors/Weekend close	4/15/94	4/8/94	% change
Energy	110.53	107.60	+2.72
Utilities	119.12	120.40	-1.06
Finance	117.17	116.15	+0.88
Services	115.69	115.59	+0.09

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and elsewhere. Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, Denmark, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the ten top stocks are tracked.

CURRENCY RATES

Cross Rates	4/15/94	4/8/94	% change
Amsterdam	1.975	1.975	0.00
Brussels	31.125	31.125	0.00
Frankfurt	1.712	1.712	0.00
London (sterling)	1.675	1.675	0.00
Madrid	138.557	138.557	0.00
Milan	163.538	163.538	0.00
New York (dollar)	1.000	1.000	0.00
Paris	6.559	6.559	0.00
Tokyo	164.28	164.28	0.00
Zurich	1.712	1.712	0.00
1 ECU	1.366	1.366	0.00
1 SDR	1.366	1.366	0.00

Other Dollar Values	4/15/94	4/8/94	% change
Canada	0.700	0.700	0.00
France	6.559	6.559	0.00
Germany	1.712	1.712	0.00
Italy	1.366	1.366	0.00
Japan	164.28	164.28	0.00
UK	1.675	1.675	0.00
US	1.000	1.000	0.00

For GATT Folk, Close-Ups Of Another Kind of Trade

In the dusty souks of Marrakesh the peddlers of caplans, rugs, figs and dates have learned a new word, "GATTI GATTI." They cried out as waves of wide-eyed trade officials from Brussels to Belgium stumbled by, stopping occasionally to examine the proffered wares.

More than 2,500 cabinet ministers, functionaries and bag carriers, supplemented by an army of nearly 700 journalists, swarmed through this ancient Moroccan city last week for ceremonies that culminated in the signing of the Uruguay Round accord, billed as the world's biggest trade liberalization pact. Past the snake charmers and street musicians they clambered, recognizable by the plastic laminated GATTI badges hanging from their suits.

"You are GATTI," shrieked one Berber merchant. "Come. I make very special price."

Morocco's King Hassan, who spent more than \$11 million giving Marrakesh a face-lift for the occasion, was tucked away for most of the week in his local royal palace as the meeting played out under the auspices of the General Agreement on Tariffs and Trade. And from the luxurious five-star hotels to the narrow byways of the medina, or old town, the city looked improbably antiseptic.

Marrakesh, in short, was enlivened by the spectacle of an event that the king's propaganda machine likened to the founding of the United Nations.

The paint was literally still fresh as the delegates arrived. "See that sidewalk?" observed a British artist who has lived here ever since he abandoned the Woodstock generation. "It wasn't here a week ago. They have paved many streets, put in new lights and even constructed sidewalks where before there was just crumbling dirt."

A Palace With a Star-Strewn Sky

Not everyone was amused by the palatial surroundings offered to the visiting dignitaries, some of it verging on the edge of Islamic kitsch. Gérard

Longuet, France's trade and industry minister, hustled into a cavernous chamber in the city's Palais des Congrès to hold a press conference, stared at the star-like white light bulbs sprinkled across midnight-blue walls and was heard to mumble to an aide. One French delegate remarked later, "It looks like a night club."

Couscous: Get It While It's Hot

The king's big party, held midway through the week in dozens of vast tents spread around the Marrakesh polo grounds, was called "Fantasia." New York City's annual Fourth of July fireworks had nothing on this extravaganza, which also featured dozens of Arab horsemen charging up to the royal tent and firing off a special rifle salute. Nearly 2,000 GATTI delegates and numerous spouses proceeded to feast on roast sheep and couscous, which despite the best of organizational efforts arrived either tepid or cold.

Heave-Ho for Folks at Margins

While the King put on his show and diplomats were whisked around town in convoys led by sirens, the white Renault 4 police cars, a darker reality descended upon the permanent residents. To make sure Marrakesh was a showcase for the world the police made an extraordinary effort to round up more than the usual suspects.

Several days before a single foreign official landed, the authorities had shipped thousands of people to a detention camp 18 kilometers (10 miles) from the city. Included were 2,300 street vendors, supposedly without license; an estimated 1,850 "drunks" about 1,700 homeless people and another 440 Marrakeshi classified as pickpockets. They should be back in town any day now, having missed the ceremonies but nonetheless in time to observe the urban improvements.

Alan Friedman

OMEGA

THE LINK BETWEEN THE PAST AND THE FUTURE



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New International Bond Issues

Compiled by James E. Connell

Issuer	Amount (millions)	Mat.	Coups. %	Price	Price end week	Terms
Floating Rate Notes						
Banco Nacional de Comercio Exterior	\$250	1997	3%	99.72	—	Over 3-month Libor. Noncallable. Fees 0.35% (J.P. Morgan Securities).
Nova Scotia	\$500	1999	0.1075	99.40	—	Over 3-month Libor. Callable at par from 1995. Fees 0.20%.
Woolwich Building Society	£150	1998	0.10	100	—	Over 3-month Libor. Reoffered at 99.79. Fees 0.36% (Denominations £10,000, Samuel Montagu & Co.).
Fixed-Coupons						
AT&T	\$400	1997	6%	100.94	99.50	Reoffered at 99.79. Noncallable. Fees 1% (CS First Boston Ltd.).
Prague	\$250	1999	7%	101.13	99.45	Reoffered at 99.63. Fees 1% (Munro Int'l).
Robobank Nederland	\$250	1997	6	101.08	99%	Reoffered at 99.91. Noncallable. Fees 1% (Swiss Bank Corp.).
Heidelberger Zement Finance	DM 700	1999	6%	101%	—	Noncallable. Fees 2.25% (Dresdner Bank).
Compagnie Générale des Eaux	FF 1,000	2004	6%	97.219	—	Reoffered at 95.644. Noncallable. Fungible with outstanding issue, raising total to 3 billion francs. Fees 2% (Banque Nationale de Paris).
European Investment Bank	FF 2,000	2004	6%	96.02	—	Noncallable. Fees 0.325% (Cassa dei Depositi e di Riscatto).
Unilever	DFL 350	2004	6%	100.275	99.55	Reoffered at 99.60. Noncallable. Fees 1% (J&M AMRO).
Electricité de France	m. 300,000	1997	8	101.30	99.92	Noncallable. Fees 1% (J.P. Morgan SMI).
General Electric Capital Corp.	m. 150,000	2004	9%	101.15	99.30	Callable at par from 1996. Fees 2% (Banca Nazionale del Lavoro, Credito Italiano).
Landesbank Rheinland-Pfalz Girozentrale	m. 200,000	1998	8%	101.45	99.80	Noncallable. Fees 1% (M&M Bank Luxembourg).
Robobank Nederland	m. 200,000	2004	9%	100.80	99.30	Callable at par from 1996. Fees 2% (Banca Nazionale del Lavoro).
Swedish Export Credit	m. 150,000	2004	9%	100.65	99.00	Callable at par from 1997. Fees 2% (Banca Nazionale del Lavoro).
Council of Europe Resettlement Fund	ECU 300	2004	6%	100.03	97.90	Reoffered at 98.355. Noncallable. Fees 2% (Swiss Bank Corp.).
EBRD	ECU 500	1999	6	99.20	—	Noncallable. Fees 0.25% (Paribas Capital Markets).
Sweden	ECU 400	1999	6%	101.025	98.90	Reoffered at 99.40. Noncallable. Fees 1% (Morgan Stanley & Co. Int'l).
Crédit Commercial de France	¥10,000	1999	4.20	100.50	—	Noncallable. Fees 0.20%. Denominations 100 million yen. (Mitsubishi Finance Int'l).
Equity-Linked						
Yamanouchi Pharmaceuticals	¥40,000	2014	1%	100	—	Semiannually. Noncallable. Convertible at 1,979 yen per share, a 26% premium. Fees 2.5%. Denominations 10 million yen. (Munro Int'l).

Brazil Pact With Banks Marks End of Debt Crisis

By Kenneth N. Gilpin

New York Times Service

NEW YORK — Brazil, the largest debtor in the developing world, has completed an agreement with its creditor banks that reduces its \$49 billion foreign debt and provides the country with lower interest rates and new longer-term loans.

Although a number of new debtors or countries, most notably Russia, still need to reach agreement with commercial banks on restructuring their foreign debts, the Brazilian agreement reached Friday effectively ends the international debt crisis that began in 1982.

Although analysts note that Latin America's outstanding debt continues to grow and remains highly vulnerable to a sharp run-up in short-term U.S. interest rates, those who were involved in working out the debt problems of the 1980s said it was unlikely that defaults could happen again soon.

The good part of the debt crisis is that Latin American countries very generally have introduced what most people think are much more constructive policies, said Paul A. Volcker, who as chairman of the Federal Reserve Board for much of the 1980s was a key participant in debt negotiations.

One commercial banker who was involved in the Brazilian negotiations said, "You can't rule out another debt crisis altogether." But he added that the chances today were less than 10 percent.

The banker said the chances of a recurrence would increase if short-term U.S. rates rose to levels that exceeded the inflation rate by 4 to 5 percentage points. If rates reached those levels, "we would be scared," he said. Currently, inflation is widely seen at about 3 percent. William R. Cline, a senior fellow at the Institute for International Economics in Washington, said, "If there is a repetition, it won't be a

threat to the financial system as the last one was."

He said that the banks were "much less heavily exposed in these countries than they were in 1982 and the losses they would take, as a percentage of their capital, are much, much smaller than they were in 1982."

The crisis started with Mexico's announcement that it was no longer able to make interest or principal payments on its foreign debt, and grew as other countries followed. The problems severely strained the world's financial system and curbed economic growth in Latin America.

But since the late 1980s, when the United States led a new effort to resolve the crisis, big debtor nations inside and outside Latin America have received a reduction in their financial burdens in exchange for changes that both opened their economies and helped curb rampant inflation.

For Brazil, Friday's agreement will cut its outstanding foreign bank debt to commercial banks by \$4 billion, to \$45 billion, and reduce interest owed by another \$4 billion. The agreement is crucial to Brazil's efforts to liberalize its economy, attract foreign investment and stabilize prices.

Brazil's total debt burden, including loans from banks and from other governments, totaled \$121.1 billion at the end of 1992, according to the World Bank.

Mexico was second with \$113.4 billion, Argentina third with \$67.6 billion and Poland, which reached a debt-reduction agreement with its banks in March, fourth with \$48.5 billion.

For the 750 creditor banks in the Brazilian agreement, the incentives for an agreement were the guarantees they receive on payments of debt and interest. In addition, the accord could provide profits for some banks by increasing the value of the debt on their books.

Brazil and its banks have exchanged old loans for new bonds backed by guarantees on payment of principal and interest. Among the old debts were about \$31 billion in loans that had been restructured in previous, unsuccessful efforts to resolve the country's problems.

In addition, Brazil received \$3.8 billion in fresh loans and the banks got \$5.6 billion in unpaid interest.

The Brazilian agreement caps five years of successful negotiations with Mexico, Argentina and other debtors that began after the Bush administration outlined a new debt policy known as the Brady Plan named for former Treasury Secretary Nicholas F. Brady. Under the plan, bankers were encouraged to help debtor countries reduce their burdens, while the foreign governments were required to reduce inflation and open their economies to foreign investment.

Although many bankers were initially critical of the Brady Plan,

they now acknowledge its importance in solving Latin America's debt crisis.

"The architects of the Brady Plan have never been given enough credit," said John McGillicuddy, former chairman and chief executive of Manufacturers Hanover Trust Co. and, later, of Chemical Bank Corp.

"As a result of the plan, banks were able to liquidate and recover much of what we had lent out. Without the Brady Plan, the economic circumstances of the hemisphere would be quite different."

The banks recovered much, but by no means all, of the value of their loans.

According to the Institute for International Finance, commercial banks have reduced the face value of their claims on debtor countries by about \$90 billion since 1985. The Brazilian deal adds to that total.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	United States	Apr. 15	Apr. 18	Chg.	Money Rates	United States	Apr. 15	Apr. 18	Chg.
DJ Indus.	3,661.47	3,674.26	-0.35%	Discount rate	300	300			
DJ Indus.	194.24	194.42	-0.09%	Federal funds rate	6 1/4	6 1/4			
DJ Indus.	1,610.25	1,617.39	-0.44%	3-month	3 1/2	3 1/2			
S & P 500	471.31	472.74	-0.30%	6-month	1 1/4	1 1/4			
S & P 500	444.18	447.10	-0.67%	12-month	2 1/4	2 1/4			
S & P 500	518.01	522.53	-0.87%	18-month	2 1/4	2 1/4			
NYSE Comp	247.65	248.29	-0.26%	24-month	2 1/4	2 1/4			
FTSE 100	3,148.30	3,120.80	-0.89%	3-month	6 1/4	6 1/4			
FTSE 100	2,507.40	2,467.10	-1.58%	6-month	5 1/4	5 1/4			
Nikkei 225	25,144	25,193	-0.13%	12-month	5 1/4	5 1/4			
DAX	2,200.42	2,203.34	-0.13%	18-month	5 1/4	5 1/4			
Hong Kong	9,536.06	9,592.22	-0.58%	24-month	5 1/4	5 1/4			
Hong Kong	9,536.06	9,592.22	-0.58%	36-month	5 1/4	5 1/4			
MSCI	800.20	805.40	-0.65%	48-month	5 1/4	5 1/4			

World Index From Morgan Stanley Capital Int'l.

The Week Ahead: World Economic Calendar, April 18-22

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

● April 18 Hong Kong Provisional figures, first quarter of 1993. Hong Kong Italian Trade Commission. Annual meeting and industry leaders to discuss marketing strategies for Italian leather goods in Hong Kong and China. Tokyo: March trade figures.

Singapore: Brazilian businessmen host seminar on trade and investment developments in Brazil. Earnings expected Beijing Development (Hong Kong), HKCB Bank Holdings, Hongkong Building & Loan Agency, Shanghai Petrochemical Co.

● April 19 Hong Kong February on-hand data for manufacturers. Tokyo: Bank of Japan Governor Yasuhiro Mieno speaks at Foreign Correspondents Club. Wellington: February retail sales. Earnings expected Tian An China investment.

● April 20 Canberra: New car registrations for March. Forecast: Increase of 3.5 percent. Canberra: Lee Kuan Yew, former Singapore prime minister, to address National Press Club. Hong Kong: William Eberle, former U.S. Trade Representative, discusses the politics of most-favored-nation trading status at American Chamber of Commerce. Tokyo: Release of Jasei handover quarterly economic outlook.

Singapore: Asian Paper '94 convention. Earnings expected Henderson Land, Henderson Investment, Sun Hung Kai Co. ● April 21 Canberra: Indian Vice President K.R. Narayanan to address National Press Club. Sydney: Westpac Banking Corp.'s April consumer confidence survey. Sydney: Senate Select Committee on Foreign Ownership of Print Media. Kuala Lumpur: Thai Prime Minister Chuan Leekpai pays visit to witness signing of Thai-Malaysian production sharing contract for an overlapping mining area. Manila: Viet-America Expo '94 trade fair. Earnings expected Lippo.

● April 22 Hong Kong March consumer price index. Jakarta: Bank Mandiri will list and trade on the Jakarta Stock Exchange. Tokyo: Japan and the European Union to hold ministerial meeting. Hong Kong: Governor Chris Patten to speak at an American Chamber of Commerce in Hong Kong luncheon. Tokyo: Thai Prime Minister Chuan Leekpai arrives for six-day visit. Earnings expected China Light & Power.

Europe

● Brussels: This week: Steel March trade balance. Frankfurt: February manufacturing orders. Frankfurt: March producer price index. Forecast: Up 0.1 percent in month. Frankfurt: March M-3 from fourth-quarter base. Forecast: Up 14.0 percent. Frankfurt: February trade balance. Forecast: 6.7 billion Deutsche mark surplus. February current account. Forecast: 2.5 billion DM deficit. Rome: February producer price index. Forecast: Up 3.4 percent in year. Frankfurt: March trade balance. Forecast: 3.4 billion mark surplus.

● April 18 Frankfurt: Association of Public Sector Banks press conference. Bundesbank council member Edgar Mestres to speak. London: March producer price index, excluding food, drink and tobacco. Forecast: Up 2.5 percent in month. Paris: Bank of France securities repurchase tender.

● April 19 Paris: February trade balance. Forecast: 4.9 billion franc surplus. Bundesbank: Issue of 10 billion kroner in 20-year index-linked bonds.

● April 20 Düsseldorf: Bundesbank council member Reinhold Jochimsen holds news conference on European Monetary Union. Frankfurt: Bundesbank's latest securities purchases. Some 80.3 billion DM of repos awarded at a lowest 5.73 percent rate. London: March unemployment rate. Forecast: Down 25,000 in month. London: February average earnings. Forecast: Up 3.25 percent in month.

Earnings expected Nedlloyd Group NV, Deutsche Aerospace AG, Pechiney, GAN. ● April 21 London: March retail sales. Forecast: Up 0.3 percent in month. Paris: Bank of France council meeting. Amsterdam: ABN Amro Bank NV publishes annual report, news conference. Luxembourg: EU industry ministers review plan to reduce steel output, consider position of EU textile and car industries. Earnings expected Arbed.

Americas

● St. Louis: This week: Earnings expected Blockbuster Entertainment Corp., Bristol-Myers Squibb Co., Dean Witter Discover, General Dynamics Corp., Harley-Davidson Inc., Kellogg Co., Merrill Lynch, Mr. Coffee Inc., Northwest Airlines Corp., PaineWebber, Schlumberger Ltd., Sears Roebuck & Co., Westinghouse Electric Corp.

● April 18 New York: Oracle Systems, Corp. will announce new technology and partnerships during a simulcast from New York and Microsoft, the Netherlands. Toronto: Intertec Group Consortium to announce a trial of smart homes.

● April 19 Philadelphia: The Philadelphia Federal Reserve releases its monthly survey of economic activity for April. Richmond, Virginia: Philip Morris annual meeting. Santiago: Empresa Nacional de Electricidad SA shareholder vote on a share issue worth \$111 million. Sao Paulo: Inflation key second week in April. Outlook: Up from 43.17 percent.

Earnings expected Apple Computer Inc., Bank of Boston Corp., Bankers Trust New York Corp., Citicorp, International Business Machines Corp., KeyCorp, Knight-Ridder Inc., MCI Telecommunications Corp., Motorola Inc., Nynex Corp., Philips Development Corp., Pizer Inc., Southwestern Bell Corp., Texaco Inc.

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YEN: If Currency Management Has Run Its Course, What's Tokyo to Do?

Continued from Page 11

is no money available to respond to interest-rate differentials," Mr. Koo said in an interview.

By his count, Japan Inc.'s investments in foreign assets "have been nothing short of a disaster" — resulting in a foreign exchange loss since 1985 of \$320 billion.

This is net of any hedging. "Individual companies may think they can hedge currency exposure, but collectively the nation cannot hedge its current account surplus," he explains.

The outlook on outflows will

probably become clearer this week when Japan's life insurance companies, among the largest investors, are to announce their investment plans for the new year. But comments reported from Tokyo by Bloomberg Business News already indicate a strong preference for keeping money at home.

A spokesman for Nippon Life Insurance Co., Japan's largest insurer, said most of the company's money will go into domestic bonds, money market instruments and corporate loans. It will avoid investing abroad during the coming year, a spokesman said, due to con-

cern over the instability of the dollar-yen rate.

Mr. Koo believes that the deregulation of foreign exchange controls in the 1980s unleashed a buying spree of foreign assets. The unnaturally weak yen further boosted the current account surplus, which then put upward pressure on the yen and multiplied investor losses on foreign investments.

"The net results are huge foreign exchange losses, the rapid appreciation of the yen and the rapid erosion of the export sector's competitiveness," he said.

"If this trend is left unchecked, Japan's best industries, the manufacturers, will have no choice but to move abroad."

In the 1980s, Mr. Koo said, it was Japanese investors who effectively subsidized exports by keeping the yen artificially low. Today, he adds, "it is the taxpayers who are now being mobilized to subsidize the exporters. But this cannot go on forever."

—CARL GEWIRTZ

Euromarkets At a Glance

Eurobond Yields

	Apr. 15	Apr. 18	Yr. Chg.	Yr. High	Yr. Low
U.S. \$, long term	7.26	7.31	0.05	7.35	6.21
U.S. \$, medium term	6.81	6.77	-0.04	6.82	5.45
U.S. \$, short term	6.48	6.40	-0.08	6.52	4.88
French franc	7.26	7.28	0.02	7.28	6.26
French franc	6.72	6.66	-0.06	6.72	5.87
Swiss franc	6.41	6.42	0.01	6.42	5.77
Swiss franc	6.09	6.08	-0.01	6.09	5.29
Swiss franc	5.74	5.78	0.04	5.74	5.04
ECU, long term	7.33	7.39	0.06	7.35	6.18
ECU, medium term	6.84	6.84	0.00	6.84	5.81
ECU, short term	6.54	6.58	0.04	6.54	5.81
ECU, long term	6.23	6.17	-0.06	6.23	5.48
ECU, medium term	5.78	5.78	0.00	5.78	5.07
ECU, short term	5.49	5.49	0.00	5.49	4.87

GERMANY: With the High Cost of Doing Business at Home, Entrepreneurs See the Future in Eastern Europe

Continued from Page 1

empire, a greater power than anything else on the Continent." But in Eastern Europe, at least, the empire is emerging slowly. Of more than 15,000 joint ventures now operating in Poland with \$2.8 billion in foreign capital, only 1,500, worth \$120 million, involve German companies, according to Polish trade officials. Five of the 10 largest projects are American, involving International Paper, Marriott, Coca-Cola, PepsiCo and Levi Strauss, with the biggest German enterprise ranked 12th.

In the Czech Republic, Germany accounts for 14 percent of \$2.1 billion in foreign investment and ranks second to the Americans. The Germans are also second in Slovakia, behind the Austrians. And of \$6.2 billion invested by foreigners in Hungary since 1990, German firms account for about one-quarter of the total.

When measured with other yardsticks, the German presence is more formidable. As a consequence of geographic proximity, Germany is the biggest Western trading partner with virtually all of the former Warsaw Pact nations. Last year, Germany imported \$6.1 billion worth of goods from Poland, Hungary, Slovakia, Slovenia, Hungary and the Czech Republic combined, while exporting \$7.6 billion in German goods, according to the Economics Ministry.

Germany is also the major provider of aid to the former Soviet Union and the rest of Eastern Europe. Since 1989, Bonn has contributed \$73 billion in assistance, although much of that is in the form of export guarantees and projects that largely benefit German companies.

Politically, the Germans also have become more assertive when it comes to the East. Bonn was

bitterly condemned for demanding quick recognition in 1991 of Croatian and Slovenian independence, which some critics charge accelerated the breakup of Yugoslavia and the catastrophic civil war there.

More recently, and with a more deft diplomatic touch, the German government has made clear that it will place Eastern Europe's eventual incorporation into the European Union at the top of the agenda when Bonn assumes the Union's presidency this summer.

Most Germans view this engagement with the East as a sensible fire wall against nationalism and instability.

A recent poll conducted by the Rand Corp. showed that Germans now consider Eastern Europe and Russia to have supplanted France as preeminent among Germany's vital interests.

"Germany will immediately be hit if our neighbors to the east are

destabilized," said Karl-Hermann Fink, an official with the Eastern Committee for the German Economy, a private research group.

Bonn officials also see their country as a natural bridge uniting two halves of the Continent pursuing this course, we're willing to subsume our own efforts and surrender the relative advantages we have."

For many German companies, turning East is a matter of survival. By shifting production to a region with low labor costs and more lax environmental regulations, hundreds of companies are trying to improve their global competitiveness at a time when the high price of doing business is suffocating German enterprises at home.

The attractions of operating in the East are apparent in the fortunes of the Henkel Group, an international maker of detergents, shoe polish and other chemical

products. In the last five years, Henkel, operating mostly through its Austrian subsidiary, has invested \$150 million in acquiring 14 subsidiaries or affiliates in Eastern Europe, according to company figures.

Sales from Henkel's business in the East have reached \$300 million a year and are growing by nearly 7 percent annually; the company reported a profit in the East for the first time last year. At the same time, Henkel cut 1,600 jobs in Germany in 1993 and plans to trim another 1,000 this year. Buoyed by such accounts, the eastward pivot of German companies is likely to accelerate as Germany emerges from its deepest recession since World War II, economists predict.

"We can't deny that we have connections in Eastern Europe," said Hans-Christoph Reichel, a senior official at the Economics Ministry. "It's paramount for us."

Ailing State Companies Stoke China Inflation

BEIJING — China's fight against inflation is being seriously hampered by the need to pump cash into increasingly ailing state companies to keep them afloat, economists said Sunday.

Figures released by the State Statistical Bureau show a wretched performance in the first quarter by the state sector, almost half of whose companies lost money.

The bureau, quoted by the China News Service, said output by state companies grew only 2.2 percent in the quarter over the same period in 1993, compared to 32.1 percent for the collective sector and 79.1 percent for other sectors.

It said the plight of state companies, especially in mining, coal production, machinery and metallurgy, was worsening. Many were closed or working only half-time and unable to pay wages because banks had tightened credit.

Even Beijing's Capital Steel Works, considered a model state company, could pay wages in February only by getting bank loans.

The bureau said 49.6 percent of state companies were in loss in the first quarter, up from 34.2 percent a year earlier. Losses amounted to 15.7 billion yuan (\$1.8 billion), up 79.7 percent.

The bureau reported last week that overall industrial output in the first quarter of this year grew by 16.5 percent over the same period last year, compared to a rise of 23.6 percent for the whole of 1993 over all 1992.

Retail prices rose more than 20 percent nationwide in the first quarter over the same 1993 period, compared to a 13 percent rise for the whole of 1993 over 1992.

The bureau said the immediate causes of the state companies' woes were credit shortages and a market quieter than a year ago. But poor management and long-term debts were underlying problems.

"Those that should die do not die and those that live cannot live well," it said.

Economists say the government's inability to cure the chronic sickness of state companies is a major cause of the inflation that deeply worries policymakers. Anger over rising prices helped fuel mass pro-democracy protests in 1989.

"China's central bank is issuing too much money," said a visiting Japanese economist, Ryutaro Koma. He added, "I do not understand why China cannot control inflation."

SHORT COVER

Northrop's Grumman Offer Succeeds

LOS ANGELES (Reuters) — Northrop Corp. said Sunday that its tender offer for Grumman Corp. had been successful and that it would complete the \$2.2 billion takeover as agreed early this month.

Northrop said that by Friday midnight, when the tender expired, it had received 32.77 million shares of Grumman common stock, representing about 93.4 percent of the outstanding shares. Completion of the \$62-a-share deal was conditional on Northrop's receiving two-thirds of the shares.

China Slows Electric Power Growth

BEIJING (Bloomberg) — China's efforts to produce enough electricity to power its growing economy have been stalled by cabinet moves to slow inflation, the official China Daily reported Sunday.

Fewer power projects were started last year than planned, no new generators were approved this year and large projects may be completed behind schedule because of funding shortages, a Ministry of Power Industry official told the newspaper.

Late last year, the ministry said it hoped to attract \$25 billion in foreign investment in power plants by the end of the century. International investment banks and power utilities that answered the call say their projects have been stalled at cabinet level.

Eurotunnel Restructuring to Come?

LONDON (Bloomberg) — Eurotunnel PLC, which manages the Channel tunnel linking France to England, will be forced to conduct a capital reorganization within the next four years, the Independent on Sunday reported.

The newspaper said the forecast came from Klesch & Co., problem-debt specialists, despite Eurotunnel's imminent stock sale. It said Klesch predicted in a report to be published Monday that stockholders' funds will be diluted when Eurotunnel carries out a debt-to-equity swap.

Dollar Buying Lifts Manila Reserves

MANILA (Reuters) — The Philippines' gross international reserves hit a record \$4.8 billion in mid-April, boosted in part by central bank buying to keep the peso from rising against the U.S. currency, officials said Sunday.

Foreign exchange purchases by the Central Bank this year amounted to \$1.06 billion as of mid-April from \$600 million the month before, the bank's deputy governor, Edgardo Zalcita, said.

The peso rate against the dollar has hovered around 27.55 over the past two weeks.

Hungary to Buy Back Hersant Paper

BUDAPEST (AFP) — The Hungarian state is to buy back a 92-percent stake in the Magyar Nemzet national daily newspaper from Socpresse, a subsidiary of the Hersant media group of France, the Magyar Hirlap daily quoted officials as saying.

Magyar Nemzet, which Socpresse bought in 1990, has accumulated an \$8 million debt, Magyar Hirlap said, and Hungarian authorities feared Socpresse would declare it bankrupt.

AV RL, which manages state-owned assets, will buy back the paper because "it forms an integral part of Hungarian culture," the chief of AV RL, Lajos Csépi, was quoted as telling Magyar Hirlap.

For the Record

Iberia of Spain said it had signed a limited agreement with United Airlines to coordinate timetables and some promotional and commercial projects, with a view to ultimate code-sharing.

Advance Synergy Bhd. of Malaysia said it had aborted a \$34-million oil-and-gas exploration deal in Indonesia because of a lack of financing. ASB had signed a 20-year agreement with PT Ustradito last November for a 49 percent stake in the exploration of four fields owned by Ustradito. (AFP)

Hindustan Alloys Manufacturing Co. of India plans to set up joint ventures for copper and tin mining and smelting projects in the eastern state of Orissa, company officials said. (Reuters)



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China Limits Cable Investment

Ban on Foreign Partners Will Hamper Growth

By Kevin Murphy

International Herald Tribune

HONG KONG — China, increasingly concerned about social instability, will ban foreign companies from establishing and operating cable television stations.

The decision, announced Saturday in the official China Daily, also bans foreign joint venture partners in existing TV operations. This will further hamper international media and telecommunications groups' chances of profiting from the vast China market, which can make all the difference in many companies' commercial success in Asia.

"Some foreign organizations and individuals have shown keen interest in operating cable television stations in this country," said Zhou Cai, director of the Ministry of Radio, Film and Television's cable television division, China Daily said. "Their applications have been rejected."

The restrictions come at a time when foreign broadcasters have intensified their attempts to penetrate the China market and when Beijing is cracking down on the flow of uncensored economic and political information.

China's embrace of a market economy has led to incidents of increased militant protest against job losses, high inflation and widespread official corruption. This has put Beijing on guard against the social instability that led to violence and the military crackdown in June 1989.

In an apparent attempt to lessen uncensored programming's potential as a catalyst for new disturbances, Beijing has taken further steps against the

dissemination of foreign news. This had begun with a nationwide ban on the unauthorized use of satellite dishes.

The dish ban, aimed principally at Rupert Murdoch's Hong Kong-based STAR TV and a growing body of industry rivals using satellites to spread their uncensored programming across Asia, was announced last October and went into effect this month.

New regulations still to be released in their entirety contain strict operating guidelines for a burgeoning cable television industry now serving as many as 30 million viewers, mostly urban, according to the China Daily report.

The regulations include bans on the relay of programming from Hong Kong, Macao or Taiwan and prohibitions against satellite television signals or broadcast of video tapes and films which have not been cleared by the Chinese government.

"No reactionary, pornographic, or violent programs, or programs harmful to state security and social stability may be aired," said the Beijing report. It added that cable television "should serve as the Communist party and government's propaganda tool while entertaining viewers."

China's restriction of foreign access to local cable television networks appears to diverge from an Asia-wide trend toward market-by-market alliances between international program suppliers and domestic distributors.

The encouragement of cable distribution elsewhere in Asia allows greater scrutiny of profits and programming by governments that fear undesirable foreign cultural influences and racist competition for their often state national broadcasters.

Brussels Notebook

EU Transparency Goes Just So Far

João de Deus Pinheiro, the European Union's communications commissioner, is finding it isn't easy to put into practice the executive Commission's supposed policy of open information.

In the face of heated questioning on Friday, a commission spokesman confirmed Italian reports that the commission had stepped up infringement proceedings against Italy for allegedly violating the Union's broadcast directive. Italy is alleged to have allowed too many television commercials and to have discriminated against foreign broadcasters in advertising.

The commission's action, which gives Rome two months to amend its broadcast rules or face a suit in the European Court of Justice, had actually been taken on April 6. The very next day, Mr. Pinheiro had promised at an unrelated news conference to make good on the commission's transparency policy by making documents freely available.

Openness goes only so far, however, as reporters discovered when they tried to get the details of the Italian TV case. Commission rules prohibit any disclosure of infringement proceedings against EU members unless the commissioners decide otherwise, the spokesman said. Mr. Pinheiro found that out the hard way only three weeks ago after arranging a news conference and preparing press releases to disclose infringement proceedings against Britain for alleged violations

of EU broadcast rules, EU sources said. The conference was canceled and the releases destroyed, they said, although the story quickly leaked out.

The gag rule is getting a lot of use these days. Two months ago, the commission said it had begun infringement proceedings against member states for some 2,000 violations of EU law. It gave details of only three cases.

Testing the Limits of EU Law

It was a bad week for EU law. Not only did Greece become the first member state to find itself hauled into the European Court, because of its embargo against the former Yugoslav republic of Macedonia, but France and Germany — the self-proclaimed pillars of European integration — were attacked for supposedly undermining Union law.

After a meeting of fishing ministers failed to agree last Tuesday on a commission plan to phase out the use of drift nets, France's minister of agriculture and fisheries, Jean Puché, claimed victory, saying French fishermen could continue to use drift nets without restriction. But one EU official said other countries believed the lack of decision amounted to a de facto ban on nets.

Germany angered commission officials by renewing its opposition to EU banana-import quotas at the signing of the world trade agreement in Morocco. Although Bonn even-

tually swallowed its objections and agreed to await a European Court ruling on the quotas, commission officials said Germany's stance posed a threat to the Union's majority voting system, by which the quotas were imposed over Bonn's objections. "If you challenge that, we're lost," one official said.

Once Again, Cash Is the Key

EU foreign ministers are expected to take a modest step toward developing a truly common foreign and security policy this week by approving a major commission role in the financing of the Union's peace efforts in Bosnia.

The commission will contribute 10 million European currency units (\$11.3 million) out of a total budget of 24 million ECU to set up an EU administration in the Muslim enclave of Mostar, EU officials said.

Money is the key to deciding whether EU foreign policy initiatives will come increasingly from Brussels, as the commission — with notable support from Germany — is hoping, or remain in the hands of national governments, as London and Paris prefer.

One EU diplomat said the foreign ministers, using Mostar as an example, were likely to endorse a compromise calling for financing to be decided case by case but with a "clear preference" for commission funding.

Tom Buickie

OECD Warns Turkey on Inflation

The Associated Press

PARIS — Turkey's economy is being steadily undermined by galloping inflation and high interest rates, and it is more urgent than ever for the government to get its finances in order, the OECD said Sunday.

The Organization for Economic Cooperation and Development, in its annual survey of the Turkish economy, was gloomy about inflation there. It said inflation is likely to continue rising in 1994, reaching 78 percent before abating slightly to 73 percent in 1995.

The report was drafted in February. This month Prime Minister Tansu Ciller announced a rigorous austerity program, accompanied by a 28 percent devaluation of the Turkish lira.

The economic recovery package includes closure of unprofitable state-owned enterprises, mass layoffs, large-scale privatization, the freezing of wages, drastic price increases and measures to trim funding of public deficits.

The OECD forecast assumed vigorous action to cut the deficit.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, April 15, (Continued)

Stocks	Div	Yld	100	High	Low	Close	Change
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00

STOCKS

Stocks	Div	Yld	100	High	Low	Close	Change
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
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Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
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Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00
Alcoa	1.20	4.1	23.5	23.5	23.5	23.5	0.00

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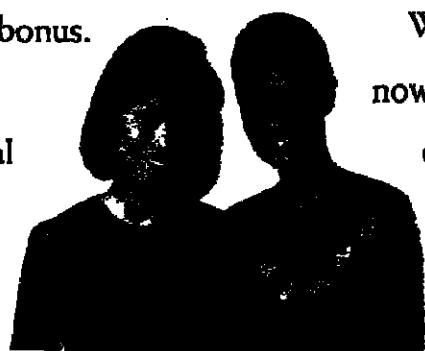
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MONDAY SPORTS

Sonics Win 60th, Beating Rockets

The Associated Press
The Seattle SuperSonics are now officially among the National Basketball Association's elite teams.
"There's a nice history to winning 60 games," their coach, George Karl, said after Seattle posted its NBA-best 60th victory with a 100-97 defeat of the Houston Rockets on Saturday.

Shawn Kemp had 22 points and 17 rebounds and Gary Payton added 21 points as the Sonics became the 36th team in league history to

NBA HIGHLIGHTS

win as many as 60 games in a season. They won their fifth in a row and 14th out of 15.

Hakeem Olajuwon scored 31 points and Vernon Maxwell 30 for the Rockets, who have 56 victories and the league's second-best record this season. Houston had a six-game winning streak ended.

Of the 35 clubs to have won 60 games, 17 went on to win the NBA championship in the playoffs. The 1992 Chicago Bulls were the last team to win 60 games (67) and then win the title.

The Sonics moved within one victory, or a Houston loss, to getting home-court advantage throughout the playoffs, which begin April 28. They have four regular-season games left, the Rockets five.

"Playing against great players and great teams is challenging and fun," Kemp said. "It's no fun playing the Sacramento Kings."

Vincent Askew clinched the Sonics' second victory in four games against the Rockets this season with two free throws with 10.6 seconds left. That gave Seattle a 100-97 lead after Otis Thorpe had popped in a 5-footer on an offensive rebound for Houston with 16.9 seconds to go.

Maxwell was five feet short on a 3-point attempt with four seconds to go and Payton got the rebound.

The Sonics outscored the Rockets, 44-31, and Olajuwon was outscored by Kemp, 17-8. Each All-Star blocked two shots.

A key to the Sonics' victory was their reserves, who outscored Houston's by 33-7. But the Rockets' coach, Rudy Tomjanovich, used only Carl Herrera and Sam Cassell — for a total of 29 minutes.

"I'm worn out and I didn't even play, so you can imagine how the players feel," Tomjanovich said. "They're so deep. They have so many different looks."

The 34-year-old Ricky Pierce, Seattle's leading scorer the past two seasons got nine points on 3-of-6 shooting in 12 minutes in his first game since surgery March 18 to have bone spurs in his left foot removed. He had missed 17 games.

Suns 96, Spurs 94: Kevin Johnson and A.C. Green scored their team's last 13 points as Phoenix won in San Antonio.

Green, who got 19 of his 23 points in the last half, put the Suns ahead for good with a three-point play with 1:38 left. Johnson assisted on Green's last three baskets.

David Robinson, who had 39 points, 15 rebounds and seven assists, made one of two foul shots with 38.5 seconds left to pull the Spurs to 96-94. They then got two chances to tie the score in the final seven seconds.

But Negele Knight missed a 3-point shot with 4.1 seconds left and Willie Anderson's reverse layup rimmed out at the buzzer.

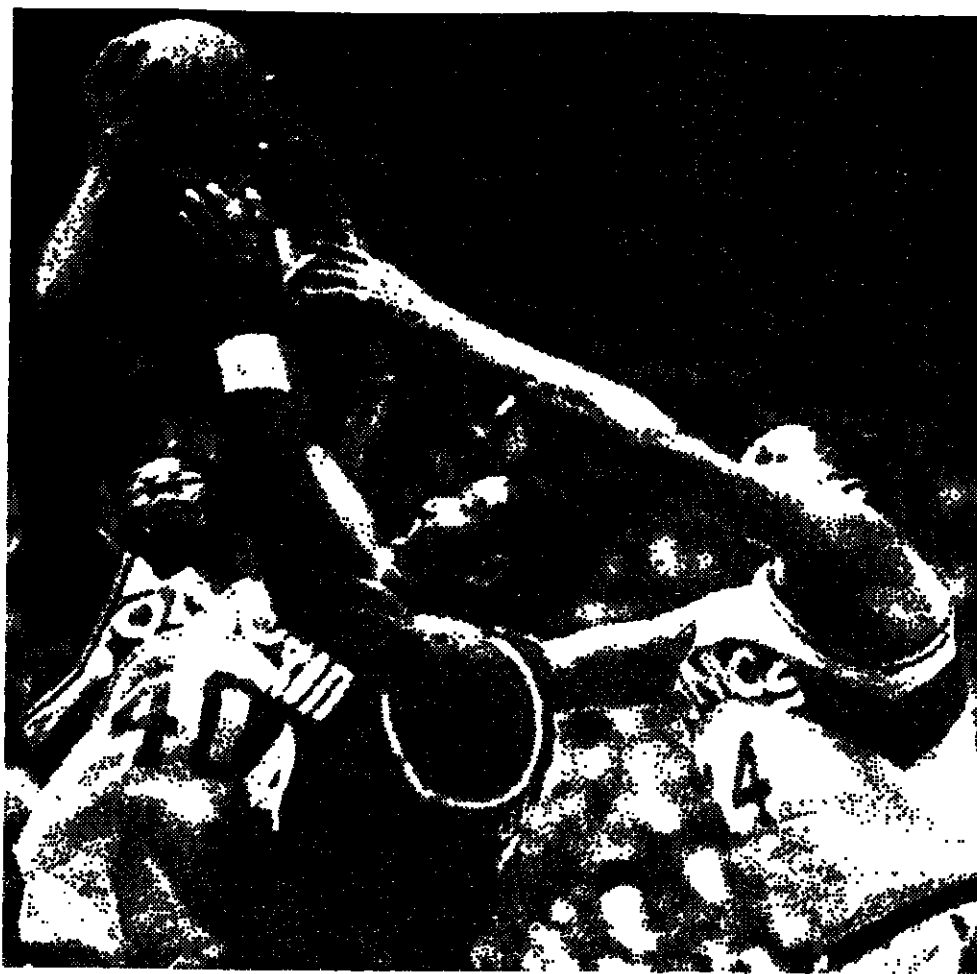
Hawks 123, 76ers 94: Andrew Lang tied his season-high with 20 points, getting eight during a decisive 26-8 first-half run, as Atlanta, playing at home, took over first place in the Eastern Conference.

The Hawks' 12th victory in 15 games, and fourth straight, moved them a half-game ahead of New York and one game ahead of Chicago in the race for the best record in the conference.

The race will be decided on the Hawks' three-game trip to Chicago on Monday, New York on Tuesday and Miami on Thursday. Atlanta ends the regular season at home against Orlando next Saturday.

Warriors 109, Jazz 105: Latrell Sprewell scored 18 of his 25 points in the fourth quarter as Golden State rallied to hand Utah its eighth straight road loss while the Warriors' coach, Don Nelson, won his 800th game in the NBA.

Clippers 108, Lakers 103: Dominique Wilkins scored a season-high 42 points in Los Angeles as the Clippers snapped a five-game losing streak with a defeat of the crosstown rival Lakers.



Shawn Kemp (40) and Sam Perkins, battling Hakeem Olajuwon, had "fun" against the Rockets.

Rangers Beat Islanders With Balanced Attack

The Associated Press
Mark Messier had a goal and two assists and keyed a decisive four-goal second period as the New York Rangers pummeled the New York Islanders 6-0, Sunday in the opener of their NHL playoff series.
The Rangers, looking very much like the league's top team, led 2-0 after the first period and 6-0 after two, making it easy for goaltender Mike Richter, who had 21 saves in recording his third playoff shutout.

But the story of the game was a balanced Ranger attack, led by Messier, and a sub-par performance by Islanders goaltender Ron Hextall, who was pulled in the second period after the sixth goal.

The Rangers dominated Sunday's game from start to finish, outscoring the Islanders 39-21.

Messier assisted on Brian Leetch's power-play goal in the first period, then scored at 9:13 of the second to launch a four-goal spurge. Messier's goal — a shot from deep in the left circle — was the backbreaker. It gave the Rangers a 3-0 lead and the Islanders were never the same after that.

The second game of the first-round Eastern Conference series will be played Monday night at Madison Square Garden. The

"Battle of New York" series shifts to the Nassau Coliseum for Games 3 and 4 on Thursday and Sunday.

■In other games:
Stars 5, Blues 3: Grant Ledyard and Trent Klatt scored late third-period goals and surprise starter Darcy Wakaluk turned back 33 shots as the Dallas Stars brought playoff hockey to Texas Sunday with a victory over St. Louis.

The Blues and Stars will play Game 2 of their best-of-7 Western

Conference quarter-final series on Wednesday night in Reunion Arena.

St. Louis tied the game 3-3 early in the third period on a power play goal by Brett Hull and a 60-foot wrist shot by Phil Housley. But Ledyard delighted the sell-out crowd of 16,914 by tipping in a Craig Ludwig shot with 3:49 left. Then Klatt put the game away with 1:37 to go on a perfect pass from Mike Modano.

Dave Gagner and Brent Gilchrist scored power-play goals in a span of 85 seconds to break open a goalkeeper's duel for a 2-0 lead in the second period. Gagner banked a shot from behind the net off Cur-

tis Joseph's pads and Gilchrist scored on a rebound off a Russ Courtnall shot.

The Blues retaliated on a 15-foot slapshot by Alexei Kasatonov but the Stars took a 3-1 lead into the third period on a second goal by Gilchrist, who beat Joseph on a point blank shot after a slick backhand pass from Courtnall.

Wakaluk started his first playoff game in goal instead of Andy Moog, who had struggled in the regular season. Moog got his reputation as a strong playoff goalie when Edmonton won three Stanley Cups in the 1980s. Moog is 59-41 in playoff games.

Dallas got off 45 shots at Joseph, who is now 13-10 in playoff games.

Fourth-seeded Dallas led the regular season 3-2-1 against the fifth-seeded Blues and beat them 9-5 in their regular season finale Tuesday.

The Blues beat Chicago in the first round last year in four games but lost a seven-game series to Toronto in the next round. The Stars failed to make the playoffs in their last year in Minnesota.

Bruins 3, Canadiens 2: Adam Oates and Ted Donato scored power-play goals 51 seconds apart late in the second period in Boston and the Bruins defeated Montreal in Saturday night's playoff opener.

The Bruins, who scored on just two of their final 39 power plays during the regular season, got all three of their goals with a man advantage.

Boston hosts the defending Stanley Cup champions on Monday night in Game 2 of the opening-round series. The Bruins have defeated the Canadiens in four of their last five playoff series.

The victory broke a Boston streak of eight consecutive playoff losses. The Bruins were eliminated in four straight by Pittsburgh in the second round in 1992 and in four games by Buffalo in the first round last year.

Mariusz Czerkawski, who joined the Bruins a week ago after playing in the Swedish playoffs, scored the other Boston goal. Ray Bourque had a pair of assists, tying former Canadian Jean Beliveau at 97 for ninth in career playoff assists.

Disillusioned Johnson Won't Be Back With Lakers

By Rick Weinberg
New York Times Service

LOS ANGELES — Magic Johnson said he could no longer tolerate his stomach turning after losses, so after the Los Angeles Lakers had lost for the fifth straight time, Johnson announced that he would not return next season as the team's coach.

His announcement came only 11 games into a 16-game trial that began with the Lakers' best performance of the season in a victory over the Milwaukee Bucks and a euphoric 5-1 start under Johnson.

But the Lakers' new commitment soon crumbled in a sea of poor performances, and Johnson became increasingly unhappy and critical of the team.

Having taken over for the fired Randy

West, the Lakers' general manager, Jerry West, has begun his search for Johnson's successor, the team's third head coach in less than a year. There is speculation that West will talk to Rick Pitino of the University of Kentucky and Roy Williams of the University of Kansas.

Sparked by Johnson's celebrated arrival as coach, the Lakers played with emotion and intensity to defeat the playoff-bound Houston Rockets and Atlanta Hawks to open April.

They seemed within reach of catching the Denver Nuggets for final playoff slot in the Western Conference.

But they reverted back to a lazy, sloppy style of play in back-to-back losses to the Sacramento Kings and the Nuggets. The playoff chase finally ended with Friday night's 105-100 loss to the Portland Trail Blazers.

"I take losses too hard," Johnson said

after the Lakers were put out of the playoffs for the first time since the 1975-76 season. "I hurt and I take it home with me. I don't want my stomach turning every night. I'd rather go home and enjoy it as I did before this job."

"I had just started to become comfortable with the way things were in my life," said Johnson of his adjustment to life without basketball and with HIV, the virus that causes AIDS.

"That first year was extremely tough not playing. I was looking for things to grab hold of to replace basketball. This past year was wonderful, comfortable."

He said that when he toured the world with his amateur basketball team, "I was able to play and get my basketball hunger out."

Then Buss came along and asked Johnson to finish the season, hoping he would enjoy it enough to stay on. But once the effort that the Lakers expended at the outset of Johnson's coaching stint disappeared, he quickly

became disillusioned with the attitude of today's pampered athletes.

He pointed out that if players were late and fined \$50, "It didn't have meaning to them." In contrast, if someone was late during Johnson's playing days, "those 11 other guys ragged on you until you couldn't be late anymore," he said.

When Johnson played, he said that "if someone had a baby, everybody had a baby. If someone had a tragedy, everybody had a tragedy." But with today's players, Johnson said, "everything is 'I, I, I. Where's my minutes, where's my shots, what about my game?' I don't like that side of the game."

Johnson had told his players after Friday's game that he would not be returning as coach next season. Forward Elden Campbell said he had hoped Johnson would return. "I think everything would've worked out if he had stayed," he said.

Johnson, obviously, did not.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, April 15.

(Continued)

Stocks	Div	Yld	100s	High	Low	Chg	Chg
Alcoa	3.00	4.0	100	100.00	99.00	-1.00	-1.00
Amgen	1.00	4.0	100	100.00	99.00	-1.00	-1.00
Amgen	1.00	4.0	100	100.00	99.00	-1.00	-1.00
Amgen	1.00	4.0	100	100.00	99.00	-1.00	-1.00
Amgen	1.00	4.0	100	100.00	99.00	-1.00	-1.00

Stocks	Div	Yld	100s	High	Low	Chg	Chg
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MONDAY SPORTS

Schumacher Makes It 2-for-2 with Easy Victory in Pacific Grand Prix

Good Work Gets a Hand In London

Katrin Dorre of Germany, who won the London Marathon for a record third straight time, and Lisa Ondieki of Australia, who came in second, were applauded Sunday by a yeoman of the guard as they passed the Tower of London. Dionicio Ceron of Mexico was the men's winner, with his fourth marathon victory in a row and the third fastest time in the 14-year history of the London race. Abebe Mekonnen of Ethiopia was second, with German Silva of Mexico third.

Gerry Perry/Agence France-Press



White Beats Red in Battle Of the Sox

The Associated Press

Frank Thomas and Darrin Jackson hit solo home runs in the fourth inning, while Lance Johnson added a pair of RBI singles as the Chicago White Sox defeated the Boston Red Sox, 7-4, at home Sunday.

Scott Sanderson, making his first appearance for the White Sox, allowed one run and six hits in six innings. Sanderson, picked up by Chicago during spring training, is pitching for his seventh major-league team. Roberto Hernandez struck out the side in the ninth for his second save.

Frank Viola allowed four runs and seven hits in 5 1/3 innings for Boston,

AL ROUNDUP

which lost for the first time in five home games this season.

Mike Greenwell hit a solo homer in the first for Boston, which had at least one hit in each of the first five innings. It was the third home run this season for Greenwell and the 100th of his eight-year career.

Johnson tied the game 1-1 in the second with the first of his two singles, and Thomas homered leading off the fourth. His fifth homer of the season went into the screen atop the left-field fence.

Jackson followed two outs later with his fourth homer of the year, an even longer shot that went off the light standard above the left-field fence.

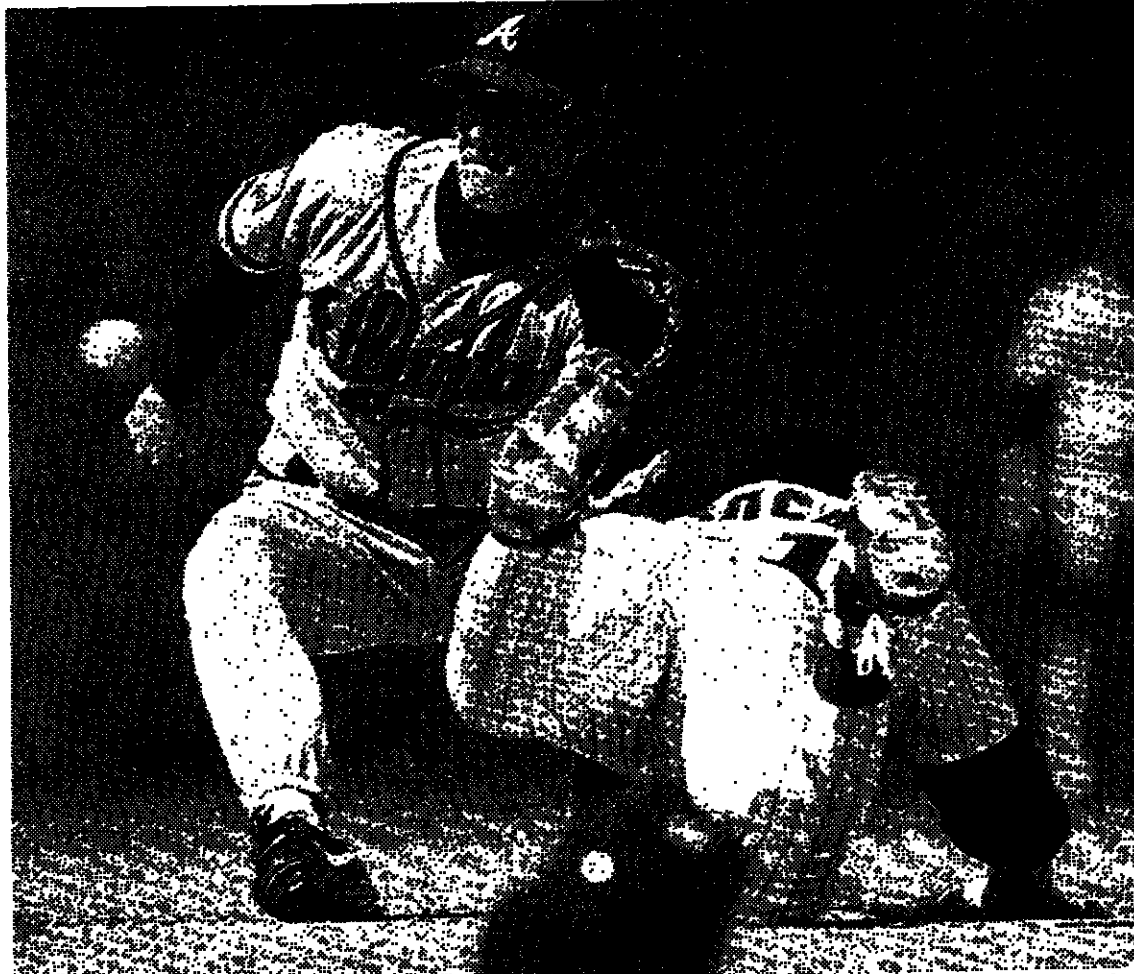
Johnson had another run-scoring single in the sixth and the White Sox added three runs on three Red Sox errors and a bloop single in the eighth. Greenwell added a run-scoring double in the eighth, which was followed by Mo Vaughn's two-run homer, his second.

In other games Sunday: Yankees 8, Tigers 6: Bernie Williams ignited a four-run rally with a sacrifice fly and Luis Polonia singled in two runs in the eighth inning as visiting New York defeated Detroit.

Don Mattingly led off the eighth with a double off Bill Krueger and Danny Taboulli singled him to third. Mike Stanley walked intentionally to load the bases, and Williams' fly to right brought Mattingly home with the go-ahead run.

Mike Gardiner relieved Krueger and yielded an RBI single to Mike Gallego before Pat Kelly walked to re-load the bases. Polonia followed with his two-run single to make it 8-4.

Xavier Hernandez, who came on in



Shortstop Jeff Blaser had a tag awaiting the Cub's Sammy Sosa during the Brave's 4-1 triumph in Chicago.

the seventh, picked up the win despite giving up a two-run homer to Eric Davis in the eighth. Jeff Reardon worked the ninth for his second save.

Royals 8, Indians 3: Five days after the worst start of his career, Kevin Appier pitched seven strong innings as Kansas City beat Cleveland at home.

Rookie designated hitter Bob Hamelin homered and doubled, driving in three runs. Brian McKee had four hits, matching his career high.

Kansas City, which had lost five of its first six games, completed a three-game sweep and evened its record at 5-5. It's the first time the Royals have swept three or more games in Cleveland since 1973.

All four of Cleveland's losses this year have come against Kansas City.

In Saturday's games: Orioles 6, Rangers 4: Harold Baines finished what Rafael Palmeiro started as the two former Texas players led the Baltimore Orioles to victory over the Rangers.

Baines, facing Tom Henke with only two hits in 13 at-bats against him, tripled

Saturday night to score three teammates and cap a four-run eighth inning for the visiting Orioles.

Cal Ripken ended an 0-for-10 slump with an RBI single off Jay Howell, making it 3-3. After Chris Hoiles was intentionally walked to load the bases, Baines hit his first triple in 394 games, dating back to April 24, 1991, at Minnesota.

Palmeiro's seventh-inning homer off the team that refused to sign him as a free agent got the Orioles rolling after they trailed, 3-0.

Blue Jays 5, Angels 4: John Olerud legged out an infield single with the bases loaded and two outs in the seventh for Toronto's victory in California.

A day after blowing a seven-run lead in the ninth inning of Friday night's 14-13 loss to the Angels, the Blue Jays recovered from seeing a 4-0 lead disappear in the fifth inning. The Blue Jays also snapped a four-game losing streak.

Royals 12, Indians 8: Shortstop Omar Vizquel, the American League's Gold Glove winner last season, committed three errors that led to seven Kansas City runs in Cleveland.

Rookie Bob Hamelin hit a three-run homer and drove in a career-high five runs for the Royals.

The Indians squandered leads of 5-1, 8-5 and 9-8, finally losing it when Vizquel dropped Gary Gaetti's two-out, bases-loaded pop fly in the eighth. Kansas City tied at 9 when Hamelin walked with the bases loaded, and Vizquel's error let in two more runs.

Athletics 8, Twins 3: Terry Steinbach hit two home runs and Bobby Witt pitched a three-hitter for the A's at home.

Steinbach's three-run homer capped a five-run first inning against Mark Guthrie. He connected for a solo shot in the eighth, his fifth of the season. Mark McGwire added a two-run homer for Oakland.

Kirby Puckett hit a two-run homer in the ninth and has hit safely in all 12 of the Twins' games.

Tigers 5, Yankees 4: Pinch-runner Juan Samuel raced home from second base on Travis Fryman's one-out single in the 11th inning to give Detroit the victory at home.

Dodgers Race Past Pirates, Led by Snyder's Red-Hot Bat

The Associated Press

Cory Snyder hit three home runs and drove in seven more as the Dodgers matched their highest run total since moving to Los Angeles with a 19-2 victory Sunday over the Pittsburgh Pirates.

Snyder had a pair of two-run homers for the visiting Dodgers, then added a three-run drive during a nine-run seventh inning for the second three-homer game of his career.

The Dodgers have had two other 19-run games since moving to Los Angeles in 1958—against the Padres in 1969 and the Giants in 1970. The franchise record of 25 runs came in 1896 and was matched in 1901, when the Dodgers played in Brooklyn.

Tom Candiotti allowed two runs over six innings for his third straight victory as the Dodgers finished with 21 hits, bailing a four-game losing streak and Pittsburgh's six-game winning streak.

Two of Snyder's homers and Raul Mondesi's three-run drive came off Steve Cooke, whose earned-run average jumped from 1.38 to 5.50 as he was roughed up for nine runs and 12 hits in five innings.

Pirates reliever Joel Johnston gave up eight runs and seven hits in 1 1/3 innings. The Dodgers' nine-run inning was one short of their single-inning high since they moved to Los Angeles.

In other games Sunday: Giants 9, Marlins 8: Mark Portugal won his 14th consecutive decision and Barry Bonds and Matt Williams hit two-run homers as San Francisco whitewashed an eighth-inning rally to beat Florida at home.

Portugal, who won his final 12 decisions with Houston last season, gave up five runs in seven innings. Mike Jackson, helped by Bonds' leaping catch that robbed Jeff Conine of an extra-base hit, pitched a perfect ninth for his second save.

Florida scored three runs in the eighth after a bench-clearing fight that began when a pitch by Kevin Rogers brushed back Benito Santiago, who then charged the mound and tackled the reliever.

Santiago, Rogers and Giants manager Dusty Baker were ejected. The Marlins came back with a double, three walks and Dave Magadan's two-run single, but Jackson then struck out Gary Sheffield with two on to end the inning.

Ryan Bowen gave up eight hits in five innings. The Giants, who began the game ranked next-to-last in the majors with a .220 average, had 14 hits.

Cardinals 5, Padres 0: Geronimo Pena

homered from both sides of the plate and Rene Arocha rebounded from two poor starts with a five-hitter Sunday as the St. Louis Cardinals beat the visiting San Diego Padres, 5-0.

San Diego has lost seven of eight and is 2-11 overall, the worst record in the major leagues. St. Louis has won four of five.

Pena, playing only because of an injury to second baseman Luis Alica, homered left-handed off Andy Ashby in the third and switch-hit a 3-2 pitch from Mark Davis in the seventh.

Arocha hadn't won since Sept. 9 and allowed nine earned runs in 7 2/3 innings during his first two starts this season. He struck out nine—matching his career high—and walked none.

Ashby allowed four runs in seven hits in 4 2/3 innings with five walks as his career record dropped to 5-20.

Reds 7, Phillies 0: Tom Browning pitched a two-hitter for his first shutout in four seasons as visiting Cincinnati beat Philadelphia.

Browning struck out four and walked two in his first complete game of the year. It was his 12th career shutout and his first since May 7, 1990. Cincinnati had a season-high 16 hits and Bret Boone drove in three runs.

Philadelphia's only hits were Ricky Jordan's single in the fourth and Dave Hollins' infield single in the seventh.

Shawn Boskie, making his first appearance for Philadelphia since the Phillies acquired him from Chicago on April 12, allowed two runs and nine hits in six innings, struck out four and walked one.

Mets 4, Astros 2: Jeff Kent hit two home runs, including a two-run shot in the eighth inning, to give New York a win over visiting Houston. Kent has seven home runs this season.

Bobby Jones gave up five hits in eight innings, struck out four and walked two. John Franco finished for his second save.

Darryl Kile struck out seven and walked none in seven innings. He allowed nine hits, including three by Todd Hundley. Todd Jones took over to start the eighth and struck out Kevin McReynolds, but Joe Orsulak singled and Kent followed with his homer to right-center field.

In Saturday's games: Braves 4, Cubs 1: There was no

hitter this time for Kent Mercker. Just

geot's Martin Brundle went out in the 67th.

But Schumacher said he expected a more difficult challenge in the Imola race, set for May 1 at San Marino, Italy.

"I believe the Imola circuit will be where the Williams team will be able to show their potential," he said.

Ferrari's Jean Alesi, who was third in Brazil, is injured and did not compete Sunday.

The International Automobile Federation said Sunday that both Ferraris had been fitted with devices that "in certain circumstances limited the power of the engine" during practice Saturday.

The device was believed to enhance traction control, one of the banned electronic refinements that have favored wealthy teams.

Organizers, meanwhile, said they were happy with the size of the crowds that descended on the small farming town of Aida in the mountains of western Japan.

The year's penultimate race, the Japanese Grand Prix, is to be held in Suzuka, Japan, in late October. (AP, AFP)

SIDELINES

Berzin Outrides Armstrong in Liege

LIEGE, Belgium (AP) — Eugeni Berzin of Russia, with a devastating surge, won the Liege-Bastogne-Liege race Sunday and, at 23, became the first Russian to win the 102-year oldest road-racing classic. Berzin, the 1990 world amateur champion who turned pro last year, broke free from the leading group six kilometers (3.75 miles) from the end of the 268.5-kilometer race, the fourth in this year's World Cup. He finished more than a minute ahead of Lance Armstrong of the United States, who took second place by outpacing Italy's Giorgio Furlan. Another Italian, Claudio Chiappucci came fourth.

Russell-Baker Win in 4-Ball Golf

PARIS (AP) — David Russell and Pete Baker of England, who had led from the start, won the Paris 4-Ball tournament Sunday by one stroke over Mark Mouland of Wales and Jamie Spence of England. The English twosome shot 1-under-par 69 to finish at 260, while Spence and Mouland closed with a six-birdie round of 64. Russell Claydon and Paul Eales of England tied for third with Severiano Ballesteros and Jose Maria Olazabal of Spain at 263.

Hale Irwin took a two-stroke lead over Greg Norman and Russ Cochran into the final round of the Heritage Classic in South Carolina after shooting 65 for a record 198 total through three rounds. Cochran (66) and Norman (67) were three ahead of Bob Estes and David Frost, the latter shooting 72 after his record 61 on Friday.

For the Record

Holy Bull led all the way to win the Blue Grass Stakes by 3 1/2 lengths over Valiant Nature in Lexington, Kentucky, solidifying his status as the favorite for the Kentucky Derby. (WP)

Irgum thrust himself to the fore of the Kentucky Derby picture with a wire-to-wire victory over Go for Gin in the 70th running of the Wood Memorial at Aqueduct in New York. (NYT)

Roy Wegerle, the forward for the U.S. national team and Coventry City in the English Premier League, had arthroscopic surgery to "clean out" meniscus damage" in his right knee and is to remain in the United States until the World Cup for athletes to enter the country. (AP)

The U.S. Bill designed to make it easier for athletes to enter the country for the World Cup and other events was unanimously approved in the Senate and sent to President Bill Clinton for his signature. (AFP)

Ireland's Soccer Team Looking for Few Good Quasi-Irishmen

By Steve Coll

Washington Post Service

DUBLIN — The joke in English soccer circles these days is that to become a member of Ireland's World Cup team, all you need to do is to find a grandmothers who once drank a pint of Guinness.

The laughs are bitter compensation for the English, stunned and embarrassed that their elimination from the World Cup in qualifying rounds has left Ireland as the only team headed to the United States from their part of the world.

But it's true that with two months left to prepare for the finals, Ireland's national team is looking for a few good quasi-Irishmen. Dublin's front-office staff is busy these days not only with playbooks but with genealogy charts.

"We only do it if somebody (talented) offers themselves to us" as a candidate for dual citizenship, said the team's chief executive, Sean Connolly. "Quite obviously we're always looking for extra talent. We don't have a huge pool to draw from in such a small country."

The main object of the search is this episode of Irish soccer's "Roots" is a replacement for Niall Quinn, the athletic 6-foot, 4-inch (1.93-meter) striker whose knee injury last year has left the Irish without their most potent scorer as they train for the finals that start June 17.

On an aging team more noted for its strengths on defense and in midfield than in attacking the goal, the mighty Quinn's fall has landed in Dublin with a heavy thud. Now Irish sports pages are filled with reports and speculation about which goal scorers in England's top soccer league may turn out, on closer examination, to have enough Irish blood and patriotism to satisfy the international team qualification.

So far, the members of the team's front-office staff are playing it close to the chest. "We're working on it," said team coaching director Joe McGrath. But, he conceded, "Replacing Niall Quinn is a bit of a problem."

It's not the only problem confronting McGrath and his boss, Jack Charlton, the cherubic national team's head coach whose success with the overachieving Irish squad has made him perhaps the best loved Englishman in Ireland — no small accomplishment in a country whose legendary warm-heartedness does not ordinarily extend to its former colonial rulers across the Irish Sea.

Conventional wisdom holds that the World Cup finals set to be played in the United States, coupled with the extensive travel required to cover American distances, favor teams that are young, fit, and accustomed to playing in hot weather. Ireland is none of these.

The team's goalkeeper, Packie Bonner, will turn 34 in May and has fallen out of favor with his Scottish club, although Ireland's managers still express full confidence in him. The team's best player, defender Paul McGrath, will turn 35 in April and has been struggling with gummy knees.

"None of us would deny that some of the players are rising to their sell-by date,"

said Connolly. "But the guys you are talking about are pretty key players and are used to pacing themselves for key games."

The team's graying, injury-ridden profile tends to provoke heavy Irish pessimism among sportswriters and fans. But such worries may be premature. This same Irish team finished second in a World Cup qualifying group that included European

crosses and headers, as opposed to the speedy, one-touch pattern passing favored by South American, African and continental European teams.

Irish team officials say the long-ball reputation is not fully deserved, but they concede this is not a team likely to win with juke steps and back-heal passes. Ireland under Charlton plays soccer the way Irish boxers traditionally fight — square up, sometimes ugly, sometimes bloody, but with tenacity.

This style used to be known as English soccer. These days, what really irks England — where nearly all of the Irish national team players earn their living in the Premier League — is that only the Irish are playing it well.

Ireland's trip to the United States will be only its second advance to the World Cup finals in the country's history. Its first finals were the most recent tournament, in 1990 in Italy, a feat also engineered with Charlton at the helm.

Although Ireland did not win a game in regulation in that tournament, it advanced to the quarterfinals by holding its first four opponents to draws and by winning a tie-breaking penalty kick shoot-out against Romania.

Italy at last sent the Irish home, 1-0. But many Irish fans thought that reaching the quarterfinals was victory enough. They probably would be satisfied with the same result this summer.

The World Cup draw guarantees Ireland a rematch with Italy. Indeed, with the Italians, Mexico and Norway, Ireland

finds itself in what may be the toughest preliminary-round group in the finals, a group notable for the absence of any lightweight.

Although the Irish lineup has been unsettled by age and injury, the core of the team likely to take the field in New York and Orlando, Florida, is drawn from two of the English league's best teams, Manchester United and Aston Villa.

Defender Denis Irwin and midfielder Roy Keane — the most expensive signing in English league history when he joined Manchester United at the beginning of this season — are key components of a club that has been cruising atop the English league all year.

From current English League Cup finalists Aston Villa come McGrath, Andy Townsend and Steve Staunton, who has been struggling with injuries.

With such key players used to working together on high-profile English teams, Ireland's coaches think they have a marked advantage.

"They're like a club team," said the coaching director, McGrath, who is no relation to the team's star defender. "That's very, very unusual in international competition. We really have a family team. They keep in touch with each other even during the games in England."

McGrath sees the team as an Irish over-the-hill gang.

"Going to the World Cup, I'd rather have experienced players, even if they're over 30 years old, than to have a young team," he said. "With a youthful team, everything that can go wrong, will."

The Wild Realities of García Márquez

By David Streitfeld
Washington Post Service

MEXICO CITY — In a moment, we'll get to the serious stuff: the encroaching shadow of death, why a house of prostitution is a good place for a writer, how love is eternal as long as it lasts, and whether a novel about an ageless insane dictator can also be an autobiography. But for now, consider something more mundane. Consider the shower.

After rising at 5 A.M., the 67-year-old writer performs the usual chores: brushing, shaving, dressing. He detests them all — the time wasted, the sheer bother. Every morning he wishes for some sort of miracle drug, a tonic that would instantly transport him to his desk. The only thing he likes is the shower.

As the hot water streams down, he mulls over what he wrote the day before and waits for fresh revelations. This is a writer who built his career on what he once called "those details of human interest that do not seem important but that are in fact the ones that move us." They bring his fantasy down to Earth, make it magically real. A storm he doesn't merely go on for years, but for "four years, 11 months and two days"; a death is heralded by "a light rain of tiny yellow flowers"; a priest levitates six inches off the ground, but only after drinking a cup of hot chocolate.

Sometimes the details arrive so quickly he jumps out, hair slick with shampoo, and rushes to his desk. But there are mornings when the process isn't so quick, when he has to tarry under the spray, legs growing weary, for the muse to make a grudging appearance.

Like everything else about him, a myth has grown up about this. His showers are said to be so lengthy that he had to install a second water heater. One imagines the really bad day, when there is no way for the narrative to move forward, when his skin resembles a boiled chicken and the clouds of steam spiraling up from the bathroom can be seen from the summit of Popocatepetl 50 miles away.

So what's the longest his showers last? "Oh, 10 minutes." When you're a genius, it seems, even inspiration beats a path to your shower stall.

More than any other writer in the world, Gabriel García Márquez combines both respect (bordering on adulation) and mass popularity (also bordering on adulation). "One Hundred Years of Solitude" — his 1967 masterpiece that effortlessly recaps the history of Latin America while never straying from the imaginary Colombian town in which it is set — has sold upward of 20 million copies, influenced two generations of writers and been judged the one novel of our time most likely to survive.

"Solitude" has the same relationship to Latin American culture that *Rabelais* has to French, or *Dante's* to Italian, or *Cervantes's* to Spanish. Once their books existed, the cultures from which they came seemed unimaginable without them," says Gerald Martin, an English academic who's writing the authorized biography, "García Márquez is the first person to universalize the Latin American experience. He opened a continent for literature."

Since "Solitude," 10 more of his books have been translated into English, ranging from the lushly romantic "Love in the Time of Cholera," about a couple who must endure 51 years of separation before their love can be consummated, to the phantasmagoric "The Autumn of the Patriarch," a meditation on dictators, to masterly short exercises ("Chronicle of a Death Foretold," a reconstruction of a murder).



For the Colombian author, writing is like breathing.

He speaks in Spanish — not knowing English, he says, is one of his big regrets. To schedule a conversation with the writer in any language requires months of negotiation and a good deal of help. Over the past 20 years no more than a dozen full-scale profiles have appeared in English.

One reason for his disinclination, perhaps, is that interviews nowadays always involve technology. He fusses over the tape recorder, asking several times why one is necessary. "It has an ear but no heart," he protests, and such is his power to redefine reality that for a brief time the machine stops working.

Every morning, inspired by the shower, he comes here to work. "I think it's like you say, 'If it's possible to live without writing, do it,'" says García Márquez. "There's nothing else in this world I like more than to write. And there's nothing that can keep me from writing. That's all I think about."

That, plus death. "Strange Pilgrims," published in the United States last fall, is ostensibly a dozen stories about the unlikely fates that befall Latin Americans traveling abroad,

but from the opening sentence of the first story, "Bon Voyage, Mr. President," it's really about the biggest trip of all: "He sat on a wooden bench under the yellow leaves in the deserted park, contemplating the dusty swans with both his hands resting on the silver handle of his cane, and thinking about death."

When the stories don't begin with *la muerte*, they end that way. Even in the introduction, García Márquez recounts a dream he had about a "festive" and "happy" occasion he spent with friends: his own funeral.

All this was a premonition. Two years ago, the day after the book was finished, an X-ray of his thorax revealed a tumor. It was malignant, but it hadn't spread.

The prognosis is good, or so the doctors say. But the checks remain "terrifying. They might find something else." Recently, he had an appointment scheduled for a Wednesday. "On Saturday I was anxious. On Sunday, I thought I was going to die." On Monday, he had the appointment moved up — something possible if your name is Gabriel García Márquez.

The brush with cancer has clearly shaken him. "I'm in more of a hurry. I used to say, 'I can do this in 30 or 40 years,' but now I know there might not be another 30 years. But I try to get over this when I sit down to write. I would feel comfortable exploring sexual submission issues with." Let's not give in: online, in use since the dark ages of 1950, means "available or accessible through computer or telecommunications," with more specific senses of "connected and turned on" or "having a feature that can be used without exiting an application." (As leaving leaves, exiting enters.)

Offline is not quite the opposite: according to the New Hacker's Dictionary by Eric Raymond, it means "not now or not here," when a person suggests removal to her offline life, as in the story of Janis O., she alludes to direct human contact, or at least nonpublic communication through E-mail for those who cannot bear the retrogression of going postal.

In The Courier-Journal of Louisville, Kentucky, James A. Fussell defines going postal as "a euphemism for being totally stressed-out or 'losing it.'" He suggests the derivation is from postal employees who have gone on shooting rampages, while others attribute the phrase's origin to not being online or using an E-mail address.

A sagan of new computer terms (that uses *sagan* as an acronym for "large quantity," from Carl Sagan's use of "billions and billions" on his TV series) includes *cracker*, not a Southern put-down but an unsanctioned hacker, like the *safecracker* who breaks through a security system, the shorter form *cracker* identifies any hacker who breaks into a computer system without authorization.

Cyberdom's fixation on acronyms continues: the people who brought us DOS (Disk Operating System) and CD-ROM (Compact Disk-Read Only Memory), which means you cannot write on it) have come up with MIDI, not French for "noon" but Musical Instrument Digital Interface: through this keyboard connection, President Clinton could play his saxophone without ever having to take a deep breath or inflate his cheeks. Initiates are usually a sign of laziness in acronyms, but sometimes shows imagination: GUI stands for Graphical User Interface — the pointing to pictures and symbols called icons — and has the advantage of being pronounced GOO-ey.

Offline Footprints on the Infobahn

By William Safire

WASHINGTON — Say the word *footprint*, and I immediately think of the Abominable Snowman of the Himalayas. Does this prepare me for a nanosecondary grasp of computer lingo? Not yet! a generation of hackers, confronted with the old word *footprint*, thinks first of its latest sense, "the desk space taken up by a computer."

Those of us with fat footprints (I am pounding this out on an antique, 33-megabyte pre-Pentium monster that I have to start with a crank) get the feeling that ours is an offline life. I take that new usage from a clipping about *cybersex* sent over by my computer multitimer, Andy Glass of Cox Newspapers. *Cybersex* is defined in Computersex Magazine as "adult-oriented" games and CD-ROMs, steamy "online chats," people discussing their sex lives and wanton desires with strangers in online forums, even falling in love without having met.

The article quotes Janis O., which is the *nom de ligne* of a person conducting an online Human Sexuality Forum, saying, "There is nobody in my offline life that I would feel comfortable exploring sexual submission issues with." Let's not give in: online, in use since the dark ages of 1950, means "available or accessible through computer or telecommunications," with more specific senses of "connected and turned on" or "having a feature that can be used without exiting an application." (As leaving leaves, exiting enters.)

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Will you find a date in time for the trackball? The of a dead mouse, lying on its back, the tail connected to the computer. This odious extension of the metaphor refers to the ball-bearing on the mouse stomach, which can be operated by the finger, and therefore easier when there is little desk space to a around. The ball-bearing that manipulates the pointer on the screen is known as the trackball. (Two-syllable hi-tech computer use of *sickball*, *carb* and *punchball*.)

Have you met Ed? You don't want to; the inflection is a downer. In grammar, words like *reject* and *disappointed* are examples of weak inflection, and the addition of Old English of the suffix *-ed* to form the past tense without a suffix, as in *sang* and *computer* linguists have seized on the weak *-ed* to personalize the past. If you've met Ed, you're finished washed up, history.

Dump is in. As one who almost went broke paying in what seemed like a Nexus core dump when I could follow directions to sign off and stop the cascade of data, I welcome *brain dump*, a useful expression to describe the imparting of everything one knows on a given subject.

Here's the latest jargon dump from Wired magazine. I was given a subscription to this electric new publication with an in-your-face attitude by my son, the former software developer (now my son the interactive multimedia producer; nobody treats water in that business). *Morff* is an interrogatory acronym for "Male or Female?" This is the question posed in the People Connection "rooms" of America Online, as consultants try to determine the sex of other occupants.

The magazine notes that when a question like "Sandy — Morff?" is asked, the answer often includes age and geographical location, as in "F24/Cleveland," which can lead to perfectly respectable communication and not unsafe cybersex. Try not to confuse *Morff* with *morph*, the computer animation technique that allows figures to change from one shape to another.

Interrupt-driven describes "someone who moves through a workday responding to a series of interruptions rather than the work goals originally set." Ah, here's one I was looking for. The headline reads: "The Infobahn Is a Big Fat Joke." That's the headline over an article by Sam Stahman predicting "the 50th channel future," "no \$3 billion mother of all industries," "no virtual sex" (now he's getting depressing) and "no infobahn."

Vice President Al Gore's staff claims, without citations, that he called for a national network of *information superhighways* in the early '80s; I predicted two months ago that mouthful would be shortened to *infoway* or *I-way*, but it seems the German word *Infobahn* has provided the combining form for Gore's footprint in the sands of time.

New York Times Service

INTERNATIONAL CLASSIFIED

Appears on Page 14

WEATHER

Europe

	Today	Low	High	Temp	Wind
Algeria	18/01	10/00	18/04	10/50	sh
Amsterdam	12/53	8/41	11/52	7/44	sh
Antwerp	12/53	8/41	11/52	7/44	sh
Athens	27/80	11/52	28/79	13/55	sh
Berlin	25/77	14/53	28/73	14/53	pc
Bombay	15/52	12/53	17/52	11/52	pc
Brussels	17/52	8/41	18/54	9/40	sh
Buenos Aires	11/52	1/01	12/53	3/57	sh
Cairo	14/57	3/25	13/55	3/41	c
Cape Town	16/51	8/41	14/57	9/40	sh
Copenhagen	9/48	5/38	10/50	2/25	sh
Dublin	17/52	8/41	18/54	9/40	sh
Edinburgh	16/51	8/41	14/57	9/40	sh
Helsinki	11/52	1/01	12/53	3/57	sh
London	12/53	8/41	11/52	7/44	sh
Madrid	12/53	8/41	11/52	7/44	sh
Moscow	14/57	3/25	13/55	3/41	c
Munich	17/52	8/41	18/54	9/40	sh
Nairobi	18/54	8/41	19/55	10/50	sh
Paris	14/57	3/25	13/55	3/41	c
Rangoon	13/55	1/01	12/53	3/57	sh
Reykjavik	14/57	3/25	13/55	3/41	c
Rome	14/57	3/25	13/55	3/41	c
St. Petersburg	14/57	3/25	13/55	3/41	c
Stockholm	14/57	3/25	13/55	3/41	c
Sydney	18/54	8/41	19/55	10/50	sh
Taipei	25/77	14/53	28/73	14/53	pc
Tokyo	25/77	14/53	28/73	14/53	pc
Warsaw	17/52	8/41	18/54	9/40	sh
Zurich	17/52	8/41	18/54	9/40	sh

Forecast for Tuesday through Thursday, as provided by Accu-Weather.



Legend: s=sunny, c=partly cloudy, o=cloudy, sh=showers, t=thunderstorms, r=rain, s=snow, b=blizzard, W=wind. All maps, forecasts and data provided by Accu-Weather, Inc. © 1994

North America

	Today	Low	High	Temp	Wind
Alaska	18/54	8/41	19/55	10/50	sh
Arizona	27/80	11/52	28/79	13/55	sh
California	25/77	14/53	28/73	14/53	pc
Colorado	15/52	12/53	17/52	11/52	pc
Connecticut	17/52	8/41	18/54	9/40	sh
Delaware	17/52	8/41	18/54	9/40	sh
District of Columbia	17/52	8/41	18/54	9/40	sh
Florida	27/80	11/52	28/79	13/55	sh
Georgia	27/80	11/52	28/79	13/55	sh
Hawaii	27/80	11/52	28/79	13/55	sh
Idaho	15/52	12/53	17/52	11/52	pc
Illinois	17/52	8/41	18/54	9/40	sh
Indiana	17/52	8/41	18/54	9/40	sh
Iowa	17/52	8/41	18/54	9/40	sh
Kansas	17/52	8/41	18/54	9/40	sh
Kentucky	17/52	8/41	18/54	9/40	sh
Louisiana	27/80	11/52	28/79	13/55	sh
Maine	17/52	8/41	18/54	9/40	sh
Maryland	17/52	8/41	18/54	9/40	sh
Massachusetts	17/52	8/41	18/54	9/40	sh
Michigan	17/52	8/41	18/54	9/40	sh
Minnesota	17/52	8/41	18/54	9/40	sh
Mississippi	27/80	11/52	28/79	13/55	sh
Missouri	17/52	8/41	18/54	9/40	sh
Montana	15/52	12/53	17/52	11/52	pc
Nebraska	17/52	8/41	18/54	9/40	sh
Nevada	27/80	11/52	28/79	13/55	sh
New Hampshire	17/52	8/41	18/54	9/40	sh
New Jersey	17/52	8/41	18/54	9/40	sh
New Mexico	27/80	11/52	28/79	13/55	sh
New York	17/52	8/41	18/54	9/40	sh
North Carolina	27/80	11/52	28/79	13/55	sh
North Dakota	15/52	12/53	17/52	11/52	pc
Ohio	17/52	8/41	18/54	9/40	sh
Oklahoma	17/52	8/41	18/54	9/40	sh
Oregon	15/52	12/53	17/52	11/52	pc
Pennsylvania	17/52	8/41	18/54	9/40	sh
Rhode Island	17/52	8/41	18/54	9/40	sh
South Carolina	27/80	11/52	28/79	13/55	sh
South Dakota	15/52	12/53	17/52	11/52	pc
Tennessee	27/80	11/52	28/79	13/55	sh
Texas	27/80	11/52	28/79	13/55	sh
Vermont	17/52	8/41	18/54	9/40	sh
Virginia	27/80	11/52	28/79	13/55	sh
Washington	15/52	12/53	17/52	11/52	pc
West Virginia	17/52	8/41	18/54	9/40	sh
Wisconsin	17/52	8/41	18/54	9/40	sh
Wyoming	15/52	12/53	17/52	11/52	pc

Middle East

	Today	Low	High	Temp	Wind
Bahamas	27/80	11/52	28/79	13/55	sh
Bahrain	27/80	11/52	28/79	13/55	sh
Bangladesh	27/80	11/52	28/79	13/55	sh
Belize	27/80	11/52	28/79	13/55	sh
Bhutan	27/80	11/52	28/79	13/55	sh
Bolivia	27/80	11/52	28/79	13/55	sh
Bosnia	27/80	11/52	28/79	13/55	sh
Brazil	27/80	11/52	28/79	13/55	sh
Bulgaria	27/80	11/52	28/79	13/55	sh
Burkina Faso	27/80	11/52	28/79	13/55	sh
Burundi	27/80	11/52	28/79	13/55	sh
Cambodia	27/80	11/52	28/79	13/55	sh
Cameroon	27/80	11/52	28/79	13/55	sh
Canada	27/80	11/52	28/79	13/55	sh
Chad	27/80	11/52	28/79	13/55	sh
Chile	27/80	11/52	28/79	13/55	sh
China	27/80	11/52	28/79	13/55	sh
Colombia	27/80	11/52	28/79	13/55	sh
Costa Rica	27/80	11/52	28/79	13/55	sh
Croatia	27/80	11/52	28/79	13/55	sh
Cuba	27/80	11/52	28/79	13/55	sh
Cyprus	27/80	11/52	28/79	13/55	sh
Czech Republic	27/80	11/52	28/79	13/55	sh
Dominican Republic	27/80	11/52	28/79	13/55	sh
Dominica	27/80	11/52	28/79	13/55	sh
Ecuador	27/80	11/52	28/79	13/55	sh
Egypt	27/80	11/52	28/79	13/55	sh
El Salvador	27/80	11/52	28/79	13/55	sh
Equatorial Guinea	27/80	11/52	28/79	13/55	sh
Eritrea	27/80	11/52	28/79	13/55	sh
Estonia	27/80	11/52	28/79	13/55	sh
Finland	27/80	11/52	28/79	13/55	sh
France	27/80	11/52	28/79	13/55	sh
Germany	27/80	11/52	28/79	13/55	sh
Ghana	27/80	11/52	28/79	13/55	sh
Greece	27/80	11/52	28/79	13/55	sh
Guatemala	27/80	11/52	28/79	13/55	sh
Honduras	27/80	11/52	28/79	13/55	sh
Hungary	27/80	11/52	28/79	13/55	sh
Iceland	27/80	11/52	28/79	13/55	